



THE SAME ENERGY IN DIFFERENT GEOGRAPHIES

CONTENTS

AKSA ENERGY AT A GLANCE

- 12 Aksa Energy in Figures
- 14 Financial and Operational Indicators
- 18 Message from the Chairman and CEO
- 22 About Aksa Energy
- 24 Our Purpose
- 26 Aksa Energy's Shareholding Structure
- 28 Milestones
- 30 Developments in 2022

OPERATIONS

- 32 Asset Portfolio and Features

SUSTAINABILITY

- 56 Sustainability Approach of Aksa Energy
- 58 Environmental Sustainability
- 64 Social Responsibility
- 66 Human Resources
- 70 Occupational Health and Safety
- 72 Compliance Report for the Sustainability Principles of the Capital Markets Board

CORPORATE GOVERNANCE

- 84 Board of Directors
- 86 Senior Management
- 89 Assessment of the Board of Directors
- 90 Committees and Policies
- 92 Corporate Governance Compliance Statement
- 92 Amendments to the Articles of Association in 2022
- 93 Statements of Independence

FINANCIAL INFORMATION

- 96 Statement of Responsibility
- 97 Annual Affiliation Report
- 103 Consolidated Financial Statements and Independent Auditor's Report

Investments beyond borders

Different countries, regions and people... From past to present, those who shape cultures and those who are shaped by them... Diverse lives are lived around a constantly changing and transforming world, yet the culture to which we are born remains an integral part of our identity.

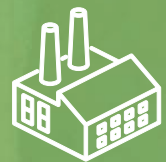
Even as our lifestyles and cultures vary, our needs and aspirations intersect at a common point: A better tomorrow and a better future. At Aksa Energy, we support every life we touch, believing that all living creatures illuminate the world with their differences. Although humans lead different lives, their life energies are the same.

Our energy is constant across all the geographies we reach.



Worldwide success

We continue to be the power beyond borders through our achievements as well as our operations. With our investment in Uzbekistan, the gateway of our globalization strategy in Central Asia, we successfully realized the largest Turkish energy investment in Uzbekistan, commencing commercial generation in three separate power plants commissioned in just 12 months.



740 MW

TOTAL INSTALLED
CAPACITY IN UZBEKISTAN



Worldwide trust

We empower the energy transition of the African continent. We extended our contract for the Ghana Power Plant, where we generate energy with dual fuel technology, for 15 more years. With the new contract, we will maintain our fuel transformation process without slowing down, and we will continue to be the energy of Ghana, the first country of our globalization journey.



370 MW
TOTAL INSTALLED
CAPACITY IN GHANA



Worldwide growth

We emphasize geographical diversity and income diversification within the scope of our sustainable high-growth strategy. In this context, the Kyzylorda combined heat and power plant, which will have an installed capacity of 240 MW when completed, is our first investment in Kazakhstan, the rising star of Central Asia. Generating revenue via three channels, capacity payment, energy and heat sales, the plant will meet Kyzylorda's heat and energy needs. We aim to complete the power plant in 2025 and commence generation.



240 MW

TOTAL INSTALLED CAPACITY IN
KAZAKHSTAN*

** Under construction*



Worldwide power

We started exporting the energy generated at our natural gas power plant in Pointe-Noire, Republic of the Congo, to the Democratic Republic of the Congo. In addition, with the 30-year concession agreement concluded with the Republic of the Congo, we aim to increase the installed capacity to 100 MW through capacity increase investments in the plant, which currently has an installed capacity of 50 MW.



50 MW

TOTAL INSTALLED CAPACITY IN
THE REPUBLIC OF THE CONGO



Worldwide energy

To ensure a livable world for future generations, we accord immense importance to energy transformation. Consequently, we diversify our energy generation portfolio and focus on renewable energy investments. To further reduce the carbon footprint of the Bolu Göynük Thermal Power Plant and meet its internal consumption, we are preparing to take a place among our country's first hybrid power plants by initiating the secondary source Solar Power Plant (SPP) investment process in the plant site.



WE ARE PREPARING TO TAKE A
PLACE AMONG TÜRKİYE'S FIRST
HYBRID POWER PLANTS.



AKSA ENERGY IN FIGURES

8 COUNTRIES

13 POWER PLANT
INVESTMENTSNORTHERN
CYPRUS
KALECIKTÜRKİYE
ANTALYA,
BOLU,
ŞANLIURFAKAZAKHSTAN
KYZYLORDA*UZBEKISTAN
TASHKENT A,
TASHKENT B,
BUKHARAMADAGASCAR
ANTANANARIVO,
ANTANANARIVO CTA-2MALI
BAMAKOGHANA
TEMAREPUBLIC OF
THE CONGO
POINTE-NOIRE

* Under construction

A YEAR OF RECORDS



RECORD REVENUES

45.6
TRY BILLION

RECORD EBITDA

6.6
TRY BILLION

RECORD NET PROFIT

4.6
TRY BILLION

aksa

HAVO KOMPRESSORI
HAVA KOMPRESÖRÜ

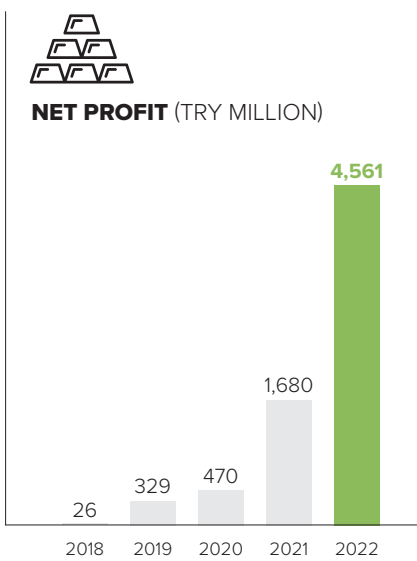
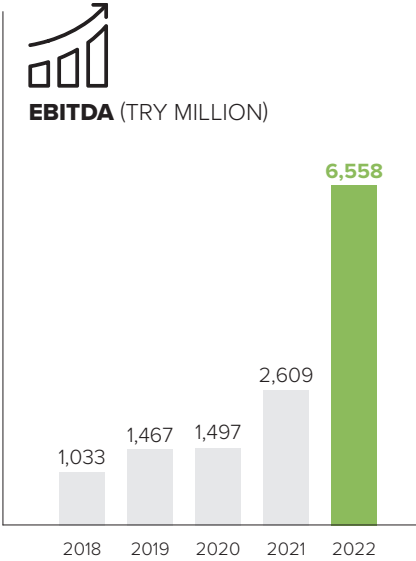
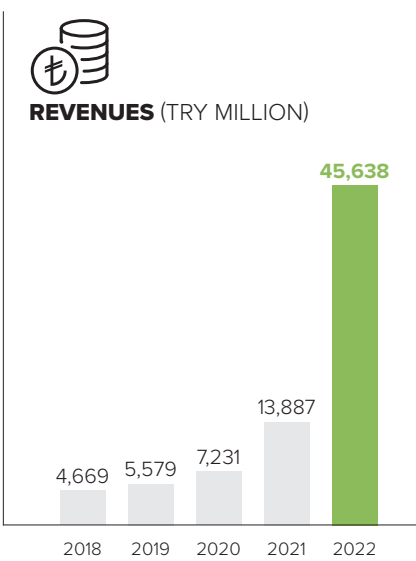
DİZEL GENERATÖR

FINANCIAL AND OPERATIONAL INDICATORS

CONTRIBUTION OF FOREIGN OPERATIONS TO EBITDA: 48%

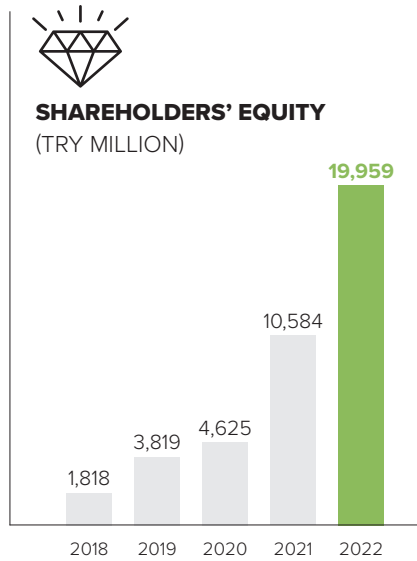
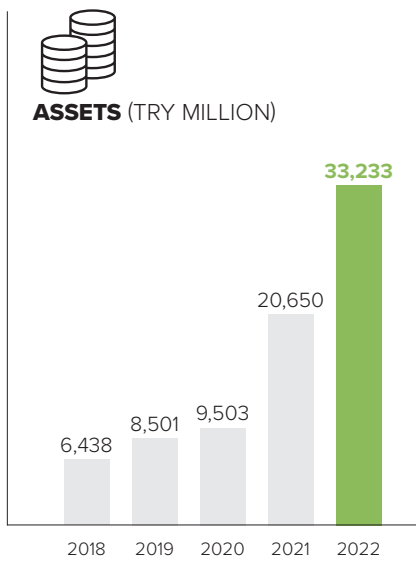
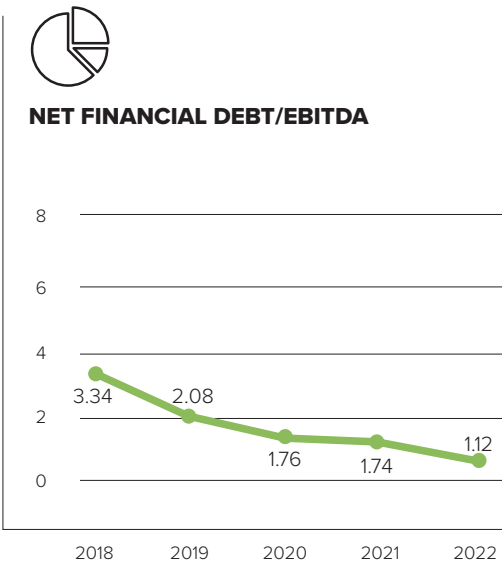
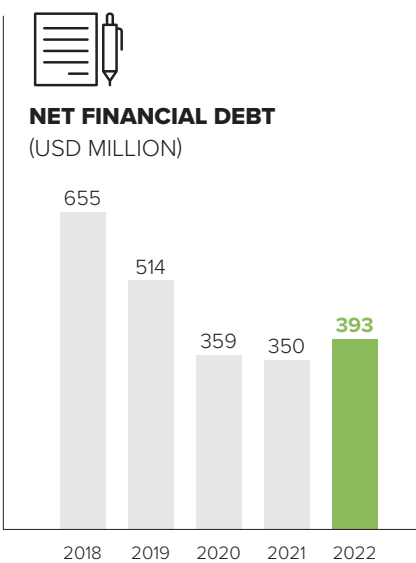
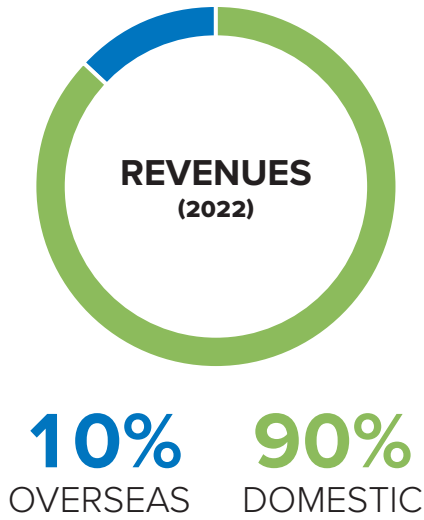
Aksa Energy’s overseas sales have reached TRY 3.2 billion as of year-end 2022.

FINANCIAL INDICATORS



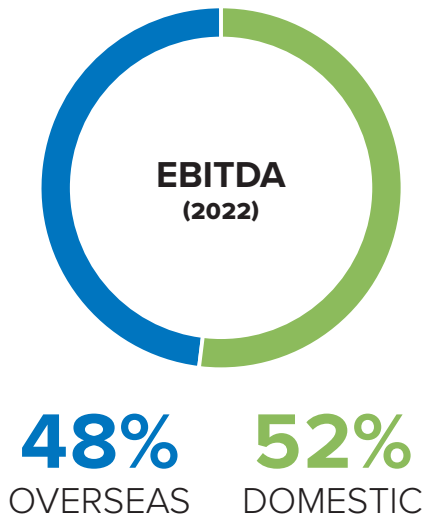
SUMMARY INCOME STATEMENT

Consolidated (TRY Million)	2018	2019	2020	2021	2022
Revenues	4,669	5,579	7,231	13,887	45,638
Gross Profit	736	1,015	1,198	2,079	5,447
Operating Expenses	-70	-97	-127	-173	-318
Operating Profit Before Financial Expenses	642	982	1,032	2,043	5,317
EBITDA	1,033	1,467	1,497	2,609	6,558
Finance Incomes/Expenses (Net)	-462	-430	-325	357	664
Profit Before Tax	180	551	707	2,400	5,981
Net Profit	26	329	470	1,680	4,562



SUMMARY BALANCE SHEET

Consolidated (TRY Million)	2018	2019	2020	2021	2022
Cash & Cash Equivalents	53	122	314	525	937
Trade Receivables	1,516	1,933	2,706	5,328	9,217
Fixed Assets	3,774	5,499	5,655	13,038	21,295
Total Assets	6,438	8,501	9,503	20,650	33,233
Short-Term Liabilities	2,828	2,944	3,298	6,272	7,980
Long-Term Liabilities	1,793	1,738	1,580	3,794	6,294
Total Liabilities	4,621	4,682	4,878	10,066	14,274
Shareholders' Equity	1,818	3,819	4,625	10,584	18,959



Note: The domestic segment includes operations in Türkiye and Northern Cyprus, and the overseas segment includes operations in Africa.

FINANCIAL AND OPERATIONAL INDICATORS

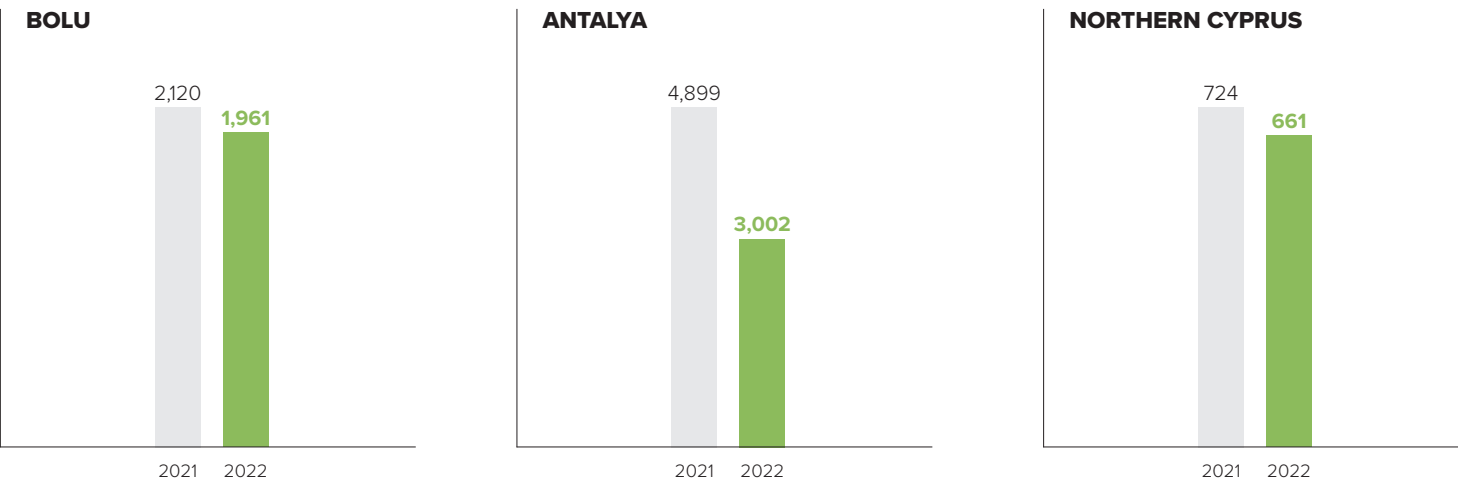
BALANCED ASSET PORTFOLIO

OPERATIONAL EXCELLENCE

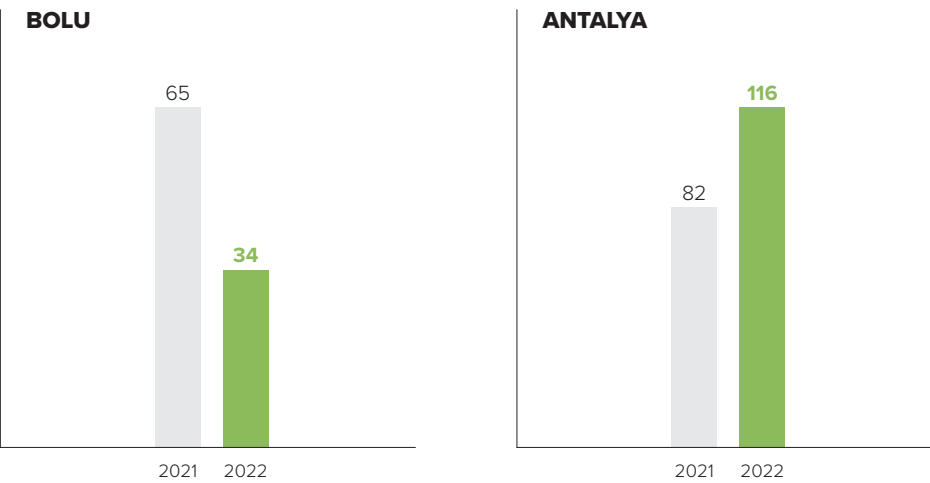
In line with its sustainable high-growth strategy, Aksa Energy continues its investments in existing power plants as well as in new countries such as Kazakhstan without slowing down.

OPERATIONAL INDICATORS

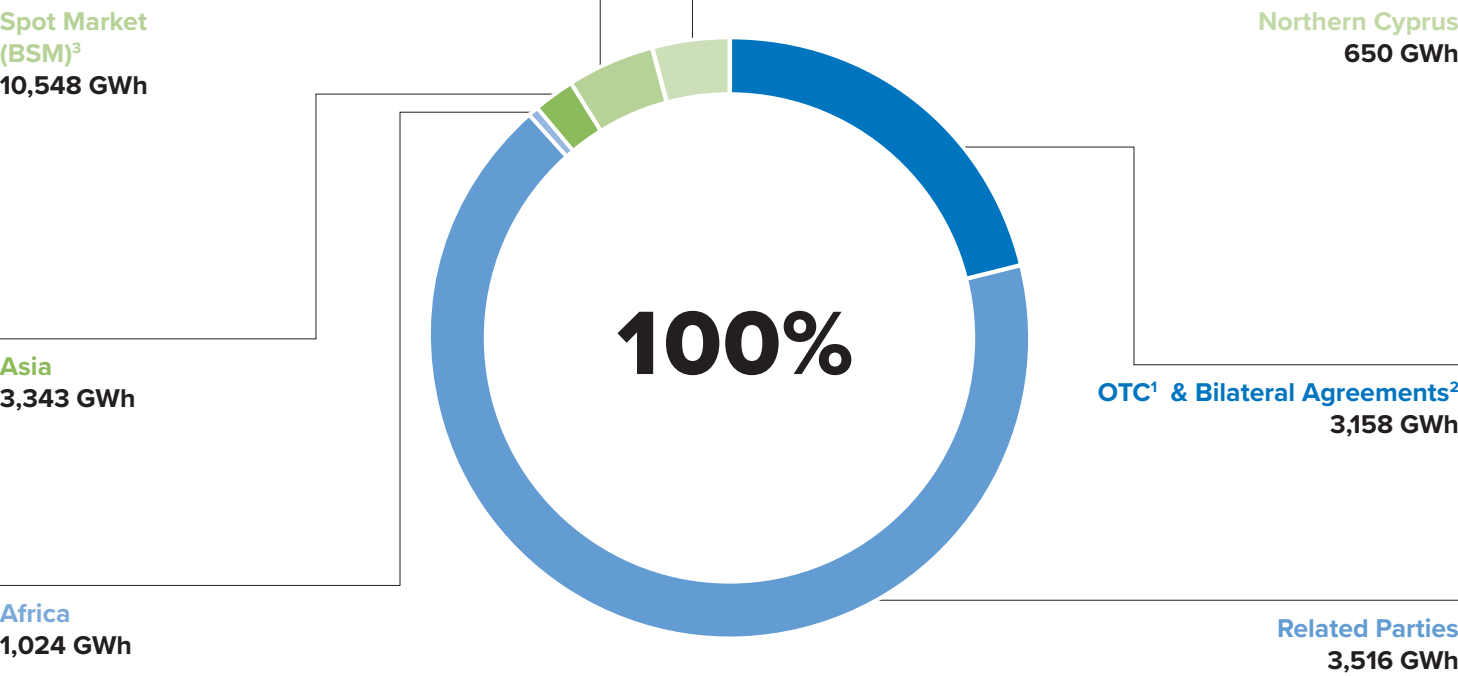
Gross Electricity Generation of Domestic Power Plants (GWh)



Capacity Payments Received (TRY Million)



CHANNEL BASED SALES COMPOSITION (GWh)



SPOT ELECTRICITY PRICES (DAY-AHEAD MARKET TRY/MWh)



¹ OTC (Over-the-Counter Market): Markets that do not have a physical location, that are outside the stock market, and where the sales are made by open bidding.
² Bilateral Contracts: Commercial agreements related to electrical energy and/or capacity trading signed between real persons or legal entities and license-holder legal entities, or among license-holder legal entities. These agreements are subject to private law provisions and do not require Energy Market Regulatory Authority approval.
³ Spot Market: Markets in which the sales prices of electricity for electricity generation companies and the purchase prices of electricity for distribution companies are determined on an hourly basis every day.

MESSAGE FROM THE CHAIRMAN AND CEO

WE CONSOLIDATE
OUR POSITION WHILE
EXPANDING GEOGRAPHICALLY

We are proud to have commissioned 3 natural gas combined cycle power plants with total installed capacity of 740 MW, the largest Turkish energy investment in Uzbekistan, in just 12 months.



Uzbekistan Total Installed Capacity

740
MW

Esteemed Stakeholders,

In 2022, the most significant events impacting the energy sector were the energy crisis caused by the Russia-Ukraine war and escalating global inflation. The suspension of natural gas supplies from the Nord Stream-1 pipeline for security reasons led to prolonged natural gas shortages in many European countries. The barrel of oil-equivalent (BOE) price of natural gas in the spot market reached USD 250 for the first time in history, thus compelling the locomotive countries in the European economy to switch to generating electricity from alternative sources, such as coal and nuclear energy.

While the global conjuncture made energy supply security the top priority for nations, we continued to contribute to the energy generation of the countries where we operate with our 25 years of experience in energy generation and effective project management capability. We expanded our power beyond borders through our new investments. Consequently, we raised our revenues by 229% and reduced our net financial debt to EBITDA ratio from a multiplier of 1.74 to a multiplier of 1.12.

WE EXPAND IN CENTRAL ASIA

We are proud to have commissioned 3 natural gas combined cycle power plants in 2022 with total installed capacity of 740 MW, the largest Turkish energy investment in Uzbekistan, in just 12 months. With an investment of USD 450 million, our power plants in Tashkent and Bukhara started to provide the Company with foreign currency-based cash flow as of the first quarter of 2022. The references acquired due to the success of the project, which has a 25-year USD-based guaranteed power purchase agreement, opened the doors of Kazakhstan to us.

In the third quarter of the year, we won the tender from the Ministry of Energy of the Republic of Kazakhstan for the Kyzylorda combined heat and power plant, which will have an installed capacity of 240 MW when completed; and we signed a 15-year capacity agreement with the RFC institution affiliated to the Ministry. As our first step into Kazakhstan, we aim to complete the project in 2025 and, in the meantime, we continue our work in the region at full speed.

WE CONSOLIDATE OUR POSITION IN AFRICA

In the Republic of Ghana, the first country in Africa where we started operating, we signed a new 15-year power purchase agreement, denominated in US dollars, with Ghana's electricity company ECG. We have initiated natural gas conversion in our 370 MW Ghana Power Plant, which currently generates with dual fuel technology. With this new power purchase agreement, the Ghana Power Plant will accelerate fuel conversion and thus we will continue our contribution to the country's energy transition by reducing our carbon footprint.

In addition, we commenced energy generation activities in the 25 MW unit of our natural gas power plant with an installed capacity of 50 MW in the Republic of the Congo. In 2022, we generated cash flow from operational activities in the power plant by exporting the energy to the neighboring country, the Democratic Republic of the Congo.



MESSAGE FROM THE CHAIRMAN AND CEO

WE BREAK NEW GROUND

The Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant became Türkiye's first privately licensed power plant to reach 100,000 hours of operation.

In 2022, we became the sole electricity producer on the BIST 30 Index, which includes Türkiye's 30 most valuable publicly traded companies.

WE BROKE NEW GROUND WITH 100,000 HOURS IN ANTALYA

The Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant, one of the most efficient power plants in Türkiye, is also the country's first privately licensed power plant to reach 100,000 hours of operation. With the awareness of assuring an uninterrupted contribution to Türkiye's energy supply security, we conducted comprehensive modernization processes to prepare for the second 100,000-hour generation of the power plant in the last quarter of 2022. This modernization work, which we completed in two and a half months for EUR 16 million, will not only increase the efficiency of the power plant and save natural gas in electricity generation but will also help us reduce our carbon footprint.

OUR ACHIEVEMENTS BEYOND BORDERS CONTINUE TO REFLECT ON OUR FINANCIALS

In 2022, we continued investments both in our existing power plants and in new countries such as Kazakhstan in line with our sustainable high-growth target, and without compromising operational excellence at our 13 power plant investments across eight countries. With the contribution of our Uzbekistan power plants, we increased our net profit to TRY 4.6 billion, rising 172% compared to the previous year. With strength derived from our geographically diversified and balanced generation portfolio, we tripled our turnover to TRY 45.6 billion, while increasing our EBITDA by 151% to TRY 6.6 billion, the highest EBITDA in the history of Aksa Energy. Consistently maintaining our international and domestic investments in this period, the ratio of our net financial debt to EBITDA stood at a multiplier of 1.12, well below the sector average.

WE ENTERED THE BIST 30 INDEX WITH OUR STOCK PERFORMANCE

Like our Company's operations, our success in the capital markets crosses borders. Subsequent to our financial performance in the first six months of the year on our market capitalization, we were included in the large-scale companies index of the UK's Financial Times Stock Exchange (FTSE) Emerging European Countries Index. In addition, in 2022, when our Company's share price traded on Borsa İstanbul rose by 370% in nominal terms, we succeeded in becoming the only electricity producer on the BIST 30 Index, which includes Türkiye's 30 most valuable publicly traded companies.

OUR GOAL IS TO INVEST MORE IN RENEWABLE TECHNOLOGIES

At Aksa Energy, we aim to invest further in renewable energy technologies in line with our sustainable high-growth strategy. In this context, in October 2022, we applied to the Energy Market Regulatory Authority regarding 13 independent electricity storage facility projects. Accordingly, we plan to reach an electricity storage capacity of 1,813 MWe. In the coming period, we aim to include renewable energy projects in our portfolio, which we closely monitor both in Türkiye and abroad.

WE HAVE SET OUR STRATEGIC TARGETS FOR 2030

In line with our 2030 strategic targets, we will diversify our power asset portfolio domestically and internationally in terms of both resources and geography. We will take concrete steps towards becoming a strong energy company on a global scale that contributes to the global energy transition with our investments in natural gas power plant projects that will assume the balancing role of energy transition, serve the energy supply security of countries, and contribute to renewable energy projects with our investments. I would like to express my gratitude to all our stakeholders, especially our employees who are the architects of Aksa Energy's yesterday, today and tomorrow, who are walking the same path by trusting us.

Best regards,

CEMIL KAZANCI
Chairman and CEO



ABOUT AKSA ENERGY

PROJECTS FOCUSING ON EFFICIENCY AND SUSTAINABILITY

Aksa Energy expands in Central Asia with its investment in Kyzylorda Kazakhstan after the Company's 740 MW reference project became operational in 2022.

Established in 1997, Akxa Energy is Türkiye's largest publicly listed independent power producer. With roots dating back to the 1950s, Kazancı Holding, the major shareholder of Akxa Energy, is a global powerhouse, engaging in production activities on four continents, operating in 24 countries with more than 10,000 employees, and sales to 178 countries around the globe. Kazancı Holding ranks among the leading companies in the energy industry, with operations in energy generation, natural gas distribution, electricity distribution and sales, and gen-set production via affiliates who are leaders in their own respective sectors. In addition to energy, the Group creates value with business activities in agriculture and tourism.

With business operations in 8 countries, Akxa Energy is a global energy company that delivers all steps internally in power plant installation procedures – from project development to procurement, construction, and installation – with its highly skilled technical teams. Akxa Energy has built and operated more than 30 power plants using various energy sources to date, including coal, fuel oil, biogas, natural gas, wind, and hydroelectric.

Taking its experience in this field abroad with power plant installations in countries that require energy, Akxa Energy provides fast and reliable solutions in its industry.

Aksa Energy took its first step toward globalization in 2015. Taking action to transfer its efficiency and sustainability-oriented approach to overseas markets, Akxa Energy's first target after Türkiye and Northern Cyprus was Africa. It entered the African market with the power plants it has built and commissioned in Ghana, Madagascar, and Mali in a short time. Consolidating its presence in Africa with guaranteed energy sales agreements in foreign currency, Akxa Energy stepped into the Central Asian market with Uzbekistan in 2020. Following the Uzbekistan power plants project with a total installed capacity of 740 MW, which began commercial production in 2022, it started its investments in Kyzylorda, Kazakhstan. Akxa Energy plans to commission the natural gas-fired combined heat and power plant, which will have an installed capacity of 240 MW after completion, in 2025. The Company aims to expand its global service network further and closely monitors new investment opportunities in all geographies with energy needs.

In 2010, Akxa Energy's shares were listed on Borsa Istanbul under the ticker AKSEN. Akxa Energy's shares are traded on BIST 30, BIST Electricity, BIST Sustainability, and BIST Corporate Governance indices.



Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

OUR PURPOSE

To capitalize on our deep experience and know-how in the energy industry in order to implement high performance projects, with a focus on cutting-edge technologies and a well-educated, highly skilled workforce.



AKSA ENERGY'S SHAREHOLDING STRUCTURE

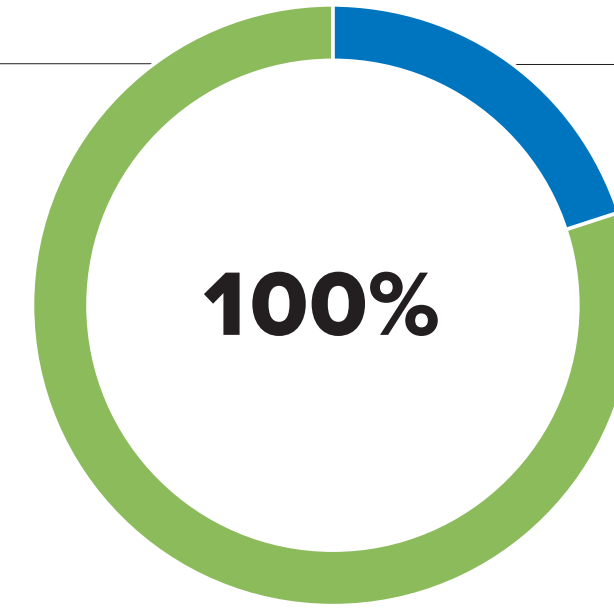
COMPREHENSIVE EXPERIENCE

THE ENERGY SECTOR

Aksa Energy's shares are traded on BIST 30, BIST Electricity, BIST Sustainability, and BIST Corporate Governance indices.

79.42%
KAZANCI HOLDING*

20.58%
FREE FLOAT



*Kazancı Holding A.Ş., acquired 4,958,962 shares of Aksa Energy with the acquisitions realized in Borsa Istanbul. Since these free float shares belong to Kazancı Holding A.Ş., they are shown under Kazancı Holding A.Ş.



MILESTONES

LONG-TERM INVESTMENTS, SUSTAINABLE GROWTH

Tashkent A, Tashkent B, and Bukhara power plants, the largest Turkish energy investment in Uzbekistan, started commercial generation.

We won the tender for the 240 MW Kyzylorda combined heat and power plant and signed a capacity agreement with Kazakhstan Energy Ministry's subsidiary RFC.

1997

- Aksa Energy was founded.

2003

- Northern Cyprus Kalecik Combined Cycle HFO Power Plant was commissioned.

2008

- Ali Metin Kazancı Antalya NGCCPP was commissioned.

2010

- Aksa Energy held its IPO.
- Şanlıurfa NGCCPP became operational.

2015

- Bolu Göynük Thermal Power Plant became operational.
- Aksa Energy joined the BIST Sustainability Index.
- Aksa Energy issued its first corporate bond.

2017

- Ghana, Madagascar and Mali Heavy Fuel Oil Power Plants initiated commercial activities.
- An agreement was signed with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation of the CTA-2 HFO Power Plant in Madagascar and the 12 MW capacity of the plant was commissioned in December and initiated commercial activities.

2019

- A Memorandum of Understanding was signed with the Ministry of Water Resources and Energy of Cameroon (MINEE) to develop a power generation project in Cameroon and a non-binding term sheet was signed with Gaz du Cameroun S.A. for natural gas supply.
- A pre-license was received for two natural gas power plant projects for electricity generation in the Republic of the Congo.

2020

- An agreement was signed with the Ministry of Energy of Uzbekistan in relation to the establishment of a 240 MW natural gas combined cycle power plant in Tashkent, the capital of the country, and the sale of the electricity generated at the power plant for 25 years, in return for a guaranteed capacity fee in US dollars.

2021

- New agreements were signed in relation to the establishment of a second power plant with an installed capacity of 230 MW in Tashkent, the capital of Uzbekistan, and a third natural gas combined cycle power plant with an installed capacity of 270 MW in Bukhara, and the first test generation was carried out in Tashkent A Power Plant with an installed capacity of 240 MW, the first stage of the power plant investment.
- A 30 years of concession agreement has been signed with the Republic of the Congo for the operating rights of a natural gas power plant with an installed capacity of 50 MW

2022

- Tashkent A, Tashkent B, and Bukhara power plants, the largest Turkish energy investment in Uzbekistan, started commercial production.
- We won the contract for the 240 MW Kyzylorda combined heat and power plant investment capacity tendered by the Ministry of Energy of Kazakhstan and started the investment works.
- A new 15-year long power purchase agreement denominated in US dollars was signed with the Republic of Ghana.
- Electricity generated at the Congo Natural Gas Power Plant started to be exported to the Democratic Republic of the Congo.



Uzbekistan Tashkent A and Tashkent B Natural Gas Combined Cycle Power Plants

DEVELOPMENTS IN 2022

AKSA ENERGY IN THE LEAGUE OF LARGE-SCALE COMPANIES

Aksa Energy took its place on the FTSE Emerging European Countries Index, which is announced twice per year based on companies’ market capitalization rankings.


Uzbekistan
Installed Capacity
740
MW

AKSA ENERGY CONTINUES TO STRENGTHEN IN CENTRAL ASIA

In 2022, Aksa Energy took its first step into Central Asia via an investment in three natural gas cycle power plants with an installed capacity of 740 MW. The Company commissioned the plants within just 12 months, making it the largest Turkish energy investment in Uzbekistan. With an investment of USD 450 million, the power plants in Tashkent and Bukhara started to provide Aksa Energy with foreign currency-based cash flow as of the first quarter of 2022. Due to the success of this project, which has a 25-year USD-based power purchase agreement, Aksa Energy opened the doors to Kazakhstan.

In the third quarter of the year, the Company won the tender from the Ministry of Energy of the Republic of Kazakhstan for the Kyzylorda combined heat and power plant, which will have an installed capacity of 240 MW when completed, and signed a 15-year capacity agreement with the RFC institution affiliated to the Ministry. As Aksa Energy’s first step into Kazakhstan, the Company plans to complete the project in 2025 and continues its efforts in the region at full speed.

ENERGY TRANSITION AND LONG-TERM PARTNERSHIP IN GHANA

In the Republic of Ghana, the first country where Aksa Energy started operations in Africa, the Company signed a new 15-year power purchase agreement denominated in US dollars with Ghana’s electricity company ECG. Aksa Energy is generating electricity with dual-fuel technology at the 370 MW Ghana power plant and the Company will accelerate the on-going natural gas conversion of the power plant in Ghana with the new power purchase agreement signed. The natural gas conversion will reduce Company’s carbon footprint and will be a notable contribution to Ghana’s energy transition.

ENERGY EXPORTS CONTRIBUTE TO INCOME DIVERSIFICATION IN CONGO

In 2021, Aksa Energy and the Republic of the Congo signed a concession agreement for the right to increase the capacity of the Pointe-Noire natural gas power plant with an installed capacity of 50 MW to 100 MW and operate it for 30 years. Commencing energy generation activities in the 25 MW unit of the natural gas power plant with an installed capacity of 50 MW in the Republic of the Congo, the Company generated cash flow from the power plants’ operational activities in 2022 by exporting the energy to the neighboring country, the Democratic Republic of the Congo.

ANTALYA POWER PLANT BREAKS NEW GROUND WITH 100,000 HOURS OF OPERATION TIME

The Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant, one of the most efficient power plants in Türkiye, became the country’s first privately licensed power plant to reach 100,000 hours of operation. With the awareness of making an uninterrupted contribution to Türkiye’s energy supply security, Aksa Energy carried out comprehensive modernization works to prepare for the second 100,000-hour production of the power plant in the last quarter of 2022. These modernization processes, completed in two and a half months for EUR 16 million, will not only increase the efficiency of the power plant and save natural gas in electricity generation but will also help the Company to reduce its carbon footprint.



Aksa Energy will continue to diversify its asset portfolio by investing further in renewable energy technologies in line with its sustainable high-growth strategy.

OUR ACHIEVEMENTS BEYOND BORDERS ARE REFLECTED IN OUR FINANCIAL RESULTS

In 2022, Aksa Energy continued investments both in its existing power plants and in new countries such as Kazakhstan, in line with the Company’s sustainable high-growth strategy and without compromising operational excellence at its 12 power plants in eight countries. With the contribution of the power plants in Uzbekistan, Aksa Energy increased its net profit by 172% compared to the previous year to TRY 4.6 billion. With strength derived from a balanced generation portfolio diversified across different geographies, Aksa Energy increased its turnover by more than three times to TRY 45.6 billion while raising its EBITDA by 151% to TRY 6.6 billion, the highest in the Company’s history. As Aksa Energy steadily maintained its international and domestic investments during this period, the ratio of its net financial debt to EBITDA stood at a multiplier of 1.12, well below the sector average.

AKSA ENERGY IS IN THE GIANTS’ LEAGUE OF FTSE EMERGING EUROPE LARGE CAP INDEX

Aksa Energy increased its market capitalization by 141% between December 2021-June 2022 period. This growth performance led the company to be listed on Financial Times Stock Exchange (FTSE) Emerging Europe Large Cap Index effective from 16 September 2022.

AKSA ENERGY RANKED AMONG TÜRKİYE’S 30 MOST VALUABLE PUBLICLY TRADED COMPANIES

Like its operations, Aksa Energy’s success in capital markets crosses borders. Thanks to the Company’s strong financial results and effective balance sheet management, it increased its market capitalization and became the only electricity producer on the BIST 30 Index, which includes Türkiye’s 30 most valuable publicly traded companies.

GIANT INVESTMENT IN RENEWABLE TECHNOLOGY AND ELECTRICITY STORAGE FACILITY PROJECT

Investing in sustainable and highly innovative projects in battery and storage technologies, Aksa Energy applied to the Energy Market Regulatory Authority for 13 separate Stand-Alone Electricity Storage Facility Projects. Within the scope of the applications, a total of 1,813 MWe of newly installed power storage capacity is planned to be created. In line with its sustainable high-growth strategy, the Company will continue to diversify its portfolio by investing further in renewable energy technologies.


OUR STRATEGIC TARGETS FOR 2030 ARE READY

In 2030, aiming to diversify its asset portfolio domestically and internationally in terms of both resources and geography, Aksa Energy will continue to progress in line with its strategic targets. Serving the energy supply security of countries with its investments in natural gas-fired projects that will assume the balancing role of the energy transition, the Company will maintain its concrete steps towards becoming a strong energy company on a global scale that contributes to the global energy transition through investments in renewable energy projects.

ASSET PORTFOLIO AND FEATURES

13 POWER PLANT INVESTMENTS

Aksa Energy continues its investments around the globe to the countries with its geographical diversification strategy.



Total Installed Capacity

2,780

MW

Aksa Energy has reached a total installed capacity of 2,780 MW with the investment in three natural gas power plants in Uzbekistan, which have began commercial production. The Company operates a total of 12 power plants, including five fuel oil, six natural gas, and one lignite power plant, and continues the construction of one combined heat and power plant. Aksa Energy entered a new country in Central Asia with the tender won for Kyzylorda power plant to be built and operated in Kazakhstan. Aksa Energy aims to complete the 240 MW natural gas combined heat and power plant in 2025. Thanks to the Kyzylorda combined heat and power plant project, Aksa Energy will also contribute to its turnover and profitability with new revenue items within the scope of its sustainable growth and profitability strategy.

With its existing know-how and experience, Aksa Energy takes opportunities for the rehabilitation and operation of power plants owned by countries in its areas of activity.

Within this scope, Aksa Energy first acquired the operating rights of a heavy fuel power plant with an installed capacity of 24 MW in Madagascar in 2018 and started to generate energy. In 2022, the Company signed a concession agreement for the capacity increase and the right to operate a natural gas power plant with an installed capacity of 50 MW in the Republic of the Congo for 30 years.

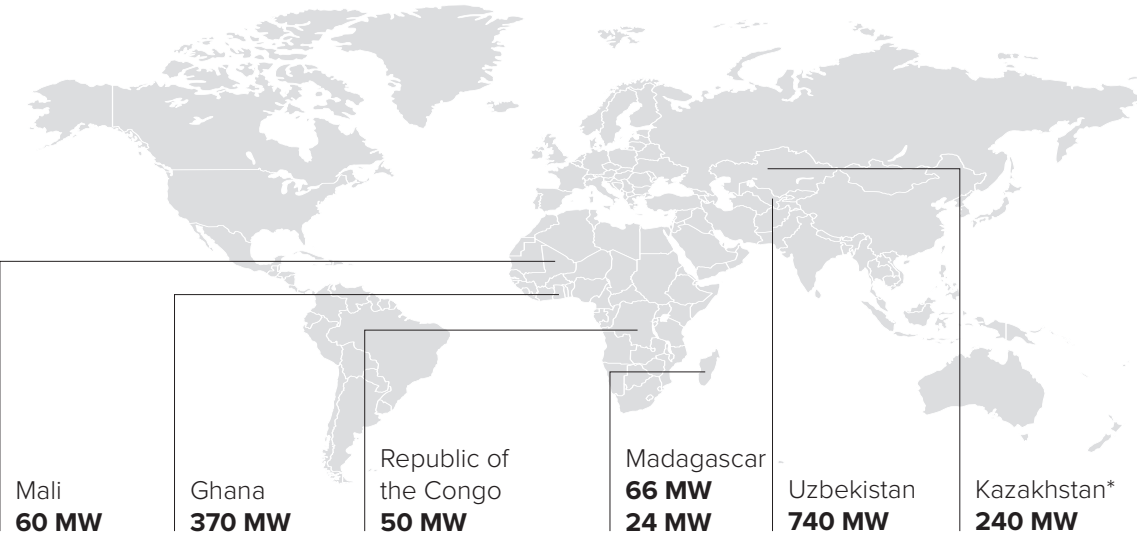
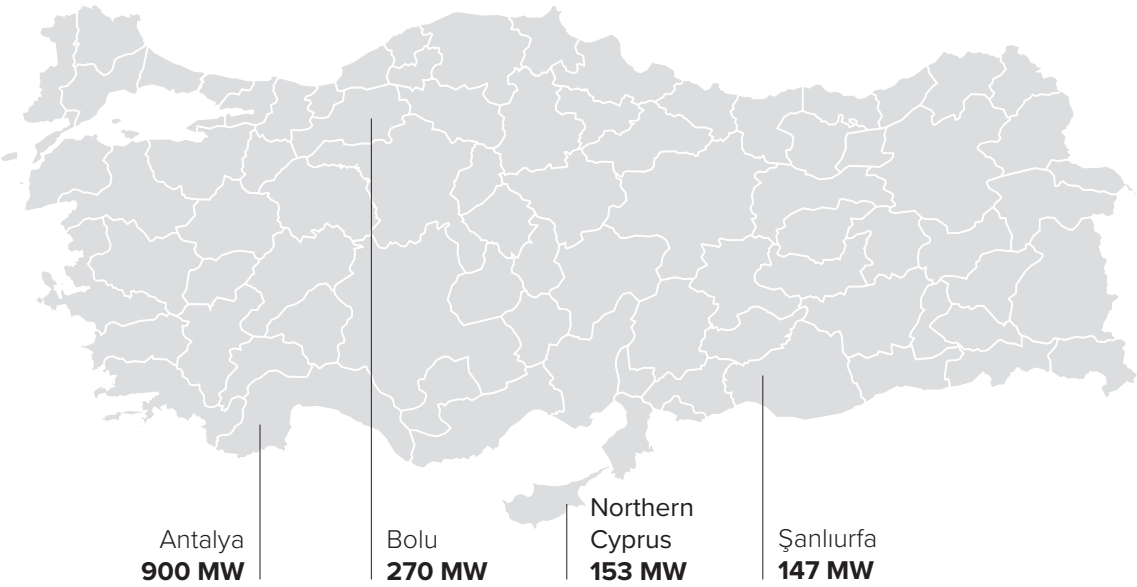
In line with its geographical diversity strategy, Aksa Energy continues its investments in all geographies with energy needs.



Number of Power Plants	11
Installed Capacity	2,756 MW
Antalya	900 MW
Bolu, Göynük	270 MW
Şanlıurfa	147 MW
Northern Cyprus	153 MW
Uzbekistan – Tashkent A	240 MW
Uzbekistan – Tashkent B	230 MW
Uzbekistan – Bukhara	270 MW
Ghana	370 MW
Madagascar	66 MW
Mali	60 MW
Republic of the Congo	50 MW

Number of Power Plants Operated on Behalf of the Country	1
Installed Capacity Operated on Behalf of Madagascar	24 MW
Total Installed Capacity Operated	24 MW

Number of Ongoing Power Plant Investments	1
Number of Ongoing Installed Capacity Investments	240 MW
Kazakhstan*	240 MW



* Under construction

ASSET PORTFOLIO AND FEATURES

READY FOR A SECOND 100,000 HOURS OF OPERATION

DOMESTIC POWER PLANTS



INSTALLED CAPACITY

900 MW

ALI METIN KAZANCI ANTALYA NATURAL GAS COMBINED CYCLE POWER PLANT

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant, which started electricity generation in 2008, with the inauguration of its first gas turbine⁶ with an installed capacity of 43.7 MW, reached a total installed capacity of 1,150 MW with the completion of more sections between September 2008 and October 2011.

As of October 2018, following the approval of the Energy Market Regulatory Authority (EMRA), the license of the generation unit, which did not contribute to actual energy generation was canceled, thereby reducing the installed capacity from 1,150 MW to 900 MW and the generation capacity from 9 billion KWh to 7 billion KWh.

The power plant, one of the largest natural gas power plants in Türkiye, employs two Siemens SGT5-4000F gas turbines, each with a generation capacity of 300 MW, and one Siemens SST5-5000F steam turbine with a generation capacity of 300 MW.

Reaching 59% efficiency with combined cycle generation groups, the plant's gas turbines have ultra-low NOx⁷ combustion systems. Due to ultra-low NOx levels and the close monitoring of the combustion temperature, carbon monoxide levels remain at single digits.

The plant was also the first privately licensed power plant in Türkiye to reach 100,000 hours of operation. In the last quarter of 2022, in preparation for the second 100 thousand hours of energy generation activities, extensive modernization work lasting 2 and a half months in total and costing 16 million Euros were completed and put into operation.

THE POWER PLANT HAS A “BASIC LEVEL ZERO WASTE CERTIFICATE”

The power plant has also been granted the “Basic Level Zero Waste Certificate” within the scope of the “Zero Waste” project implemented by the Ministry of Environment and Urbanization for the efficient use of resources at the beginning of 2021.

⁶ Turbine: The mechanism used to convert the energy of fluid into kinetic energy.
⁷ NOx (Nitrogen Oxide): One of the fuel gas pollutants released into the atmosphere.



Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

ASSET PORTFOLIO AND FEATURES

BOLU GÖYNÜK THERMAL POWER PLANT TO TAKE ITS PLACE AMONG TÜRKİYE'S FIRST HYBRID POWER PLANTS

DOMESTIC POWER PLANTS



INSTALLED CAPACITY

270
MW

IT TAKES ITS PLACE AMONG TÜRKİYE'S FIRST HYBRID POWER PLANTS WITH SPP INVESTMENT

To further reduce the carbon footprint of the Bolu Göynük Thermal Power Plant and meet the internal consumption during electricity generation, an auxiliary Solar Power Plant (SPP) investment process was initiated within the plant site. With the completion of the investment, the power plant will take its place among Türkiye's first hybrid power plants.

BOLU GÖYNÜK THERMAL POWER PLANT

Construction of Bolu Göynük Thermal Power Plant started in 2012, where the first phase became operational with 135 MW installed capacity in July 2015 and the second phase, 135 MW, became operational in January 2016.

GENERATION WITH LOCAL RESOURCES

Aksa Energy added lignite coal to its fuel mix for the first time with the Bolu Göynük Thermal Power Plant, which was established with an investment of USD 390 million. Bolu Göynük Thermal Power Plant, one of the first privately owned power plants operating on domestic coal in Türkiye, delivers added value to Türkiye's economy by reducing foreign dependence on energy, as it generates electricity from a local resource.

Bolu Göynük Thermal Power Plant runs on lignite as a result of the very first royalty⁸ agreement signed with the General Directorate of Turkish Coal Enterprises, which allows the use of lignite mines by the private sector.

Bolu Göynük Thermal Power Plant, which uses 2 million tons of domestic coal per year for electricity generation, extracts lignite from an open pit mine located at a distance of 2 km from the power plant. Therefore, the effect of the dust generated during the transportation of lignite to the environment is minimized. As of December 31, 2022, there are 25.75 million tons of lignite reserves with a thermal value of 2,250 kcal/kg in the field.

Thanks to its advanced technology, Bolu Göynük Thermal Power Plant generates energy in an efficient manner.

The power plant was designed with "fluidized bed combustion" technology. Thanks to this technology, combustion is realized with solid fuel, consisting of coal and limestone, on the air cushion formed with the air under the combustion room due to the fluidized bed boiler. This process ensures that coal remains in the boiler combustion room for longer, enabling combustion reaction at lower temperatures. This technology reduces environmentally harmful NOx emissions to a minimum.

The desulphurization⁹ process is realized directly inside the boiler by using limestone during combustion. This technology both minimizes gases harmful to the environment and boosts the plant's efficiency.

The same conscientious approach is applied when eliminating ash created during the combustion of lignite. The ash generated in the power plant is stored in the Southern Regular Ash Storage Area. In 2019, rehabilitation of the Southern External Dump Site, which completed its lifecycle, was completed; the site was handed over to the Ministry of Agriculture and Forestry. The Ministry planted approx.140,000 saplings on the site.

Bolu Göynük Thermal Power Plant, the first power plant with fluidized-bed boiler technology and wet flue gas purification systems in Türkiye, has met all legal and regulatory requirements stipulated by environmental legislation since it was commissioned in 2015 thanks to its advanced combustion and treatment technologies. The facility also has the "Environmental Permit and License Certificate"¹⁰ for Air Emission, Waste Water Discharge, and Regular Storage. The power plant also has Covid-19 Safe Production Certificate and a "Basic Level Zero Waste Certificate".

⁸ Royalty: Allocation of mining license fields by the beneficiary to a real or legal person with a contract. The essence of the right to operate will be held by the beneficiary.

⁹ The purification process of sulfur formed as a result of combustion

¹⁰ Environmental Permit and License Certificate: The certificate certifying that the companies fully comply with the obligations under the Regulation on Environmental Permit and License to carry out activities.



Bolu Göynük Thermal Power Plant

ASSET PORTFOLIO AND FEATURES

TECHNOLOGY THAT CARBON FOOTPRINT

DOMESTIC POWER PLANTS



INSTALLED CAPACITY

147

MW

ŞANLIURFA NATURAL GAS COMBINED CYCLE POWER PLANT

Şanlıurfa Natural Gas Combined Cycle Power Plant was established in 2011 with an installed capacity of 120 MW and reached a total installed capacity of 147 MW and annual electricity generation capacity of 1 billion kWh upon commissioning of a Dresser-Rand steam turbine with a capacity of 11.5 MW in 2012 and a capacity increase undertaken in 2015.

The power plant employs 12 Wärtsilä 20V34SG gas turbines, each with a capacity of 9.7 MW, and one Wärtsilä 18V50SG gas turbine with a capacity of 18.31 MW. The power plant also has state-of-the-art carbon monoxide oxidation systems¹¹.



Şanlıurfa Natural Gas Combined Cycle Power Plant

¹¹ Carbon Monoxide Oxidation System: See Flue Gas Purification System

ASSET PORTFOLIO AND FEATURES

THE MOST EFFICIENT PLANT IN NORTHERN

DOMESTIC POWER PLANTS



INSTALLED CAPACITY

153

MW

NORTHERN CYPRUS KALECIK COMBINED CYCLE HFO POWER PLANT

Kalecik Combined Cycle Heavy Fuel Oil Power Plant in Northern Cyprus started energy generation in 2003 with two units and a total installed capacity of 35 MW. More units were commissioned over time to meet rising energy demand uninterruptedly, thus bringing the total installed capacity up to 153 MW, and its combined cycle conversion was completed in 2011.

The power plant employs 8 Wärtsilä 18V46 diesel engines, each with a capacity of 17.8 MW, 8 Aalborg boilers, and 1 Dresser-Rand turbine with a capacity of 13.5 MW. It also has a DeSOx¹² flue gas purification system.

The five-year contract signed in 2003 with KIB-TEK was extended in 2009 for 15+3 years until 2027. The power plant has been engaging in USD-denominated purchase guaranteed sales since 2003.

MEETING HALF OF NORTHERN CYPRUS' ELECTRICITY NEED

In addition to being the most productive electricity generation plant in Northern Cyprus, Kalecik Combined Cycle HFO Power Plant has been meeting almost half of the country's energy needs for 19 years.



Northern Cyprus Kalecik Combined Cycle HFO Power Plant

¹² DeSOx: The system for desulfurizing the flue gases, especially at low gas flow.

ASSET PORTFOLIO AND FEATURES

ENERGY TRANSITION

DUAL FUEL TECHNOLOGY

GHANA

OVERSEAS POWER PLANTS



INSTALLED CAPACITY

370

MW

GHANA DUAL FUEL (FUEL OIL/ NATURAL GAS) POWER PLANT

In 2015, a power purchase agreement for 6.5 years was signed with the Government of the Republic of Ghana on the sale of the electricity generated at the Power Plant with a tariff denominated in USD. As per the agreement, Samsun Natural Gas Combined Cycle Power Plant was converted into a fuel oil power plant and some of its equipment was transferred to Ghana. The power plant became operational in 2017. The construction of the power plant was completed in 9.5 months while saving on investment expenses by utilizing existing equipment.

Having a total installed capacity of 332 MW, the power plant sells electricity based on the electricity sales tariff denominated in US dollars with the capacity corresponding to the installed capacity of 332 MW.

NEW 15-YEAR US DOLLAR-DENOMINATED CONTRACT

In Ghana, where the natural gas conversion process has started and energy generation is currently carried out with dual fuel technology, Aksa Energy signed a new 15-year power purchase agreement denominated in US dollars with the country's electricity company, the Electricity Company of Ghana (ECG) in 2022. With this agreement, the Company will sell the electricity generated at the Ghana Power Plant with an installed capacity of 370 MW in US dollars for 15 years.



Ghana Dual Fuel (FUEL OIL/NATURAL GAS) Power Plant

ASSET PORTFOLIO AND FEATURES

A SOLUTION BEYOND BORDERS FOR AFRICA'S ENERGY DEMAND

OVERSEAS POWER PLANTS



INSTALLED CAPACITY

66

MW

MADAGASCAR HEAVY FUEL OIL POWER PLANT

Equipment at the existing heavy fuel oil power plants in the Company's portfolio was used in the Madagascar Heavy Fuel Oil Power Plant construction, which started in the last quarter of 2016, therefore, the plant was put into operation within 7 months with optimum capital expenditure.

Madagascar HFO Power Plant consists of a total of 11 Wärtsilä engines relocated from the Hakkari, Siirt Akköy, and İdil 2 power plants, whose licenses had been canceled.

The power plant's first engines, with an installed capacity of 25 MW, were commissioned on July 10, 2017. The installed capacity of the facility was increased to 36 MW on July 27, 2017. Madagascar HFO Power Plant was commissioned with a 66 MW installed capacity in September 2017. The power plant conducts electricity sales at a tariff denominated in US dollars over the capacity corresponding to 60 MW installed capacity within the scope of a 20-year guaranteed purchase.



Madagascar Heavy Fuel Oil Power Plant

ASSET PORTFOLIO AND FEATURES

LONG-TERM SOLUTION DELIVERED FAST IN

OVERSEAS POWER PLANTS



INSTALLED CAPACITY

60

MW

MALI HEAVY FUEL OIL POWER PLANT

In line with the agreement signed with the Government of the Republic of Mali in 2016, Mali Heavy Fuel Oil Power Plant's (with an installed capacity of 40 MW) construction started and the first section of 10 MW was commissioned in August 2017. The power plant reached a total installed capacity of 40 MW in September 2017.

By using existing equipment, the investment cost was reduced and the construction of the power plant was completed in a short period of 6 months, providing a fast and permanent solution to the country's energy need.

60 MW IN NOVEMBER 2021

Aksa Energy signed a new agreement with Energie Du Mali SA (EDM) on January 27, 2021, to increase the total installed capacity of the Power Plant from 40 MW to 60 MW. Within the framework of this new agreement, all of the additional 20 MW capacity was commissioned as of November 2021, and the total installed capacity of Mali Heavy Fuel Oil Power Plant reached 60 MW. Thus, the installed capacity within the scope of guaranteed purchase increased from 30 MW to 50 MW.

Mali Heavy Fuel Oil Power Plant employs 4 Wärtsilä engines with a total capacity of 40 MW and 30 Cummins KTA50 diesel generator group engines.



Mali Heavy Fuel Oil Power Plant

ASSET PORTFOLIO AND FEATURES

TRUST-CENTRED PARTNERSHIP IN MADAGASCAR

OVERSEAS POWER PLANTS



INSTALLED CAPACITY

24

MW

MADAGASCAR CTA-2 HEAVY FUEL OIL POWER PLANT

In 2018, Aksa Energy signed a power purchase agreement with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation and operation of a 24 MW power plant located next to Madagascar Heavy Fuel Oil Power Plant. The 12 MW section of the plant was commissioned in December 2018, and the power plant reached an installed capacity of 24 MW in January 2019. According to the agreement, electricity generated by the power plant is being sold to Jirama via guaranteed sales in US dollars.



Madagascar CTA-2 Heavy Fuel Oil Power Plant

ASSET PORTFOLIO AND FEATURES

UZBEKISTAN'S LARGEST TURKISH ENERGY INVESTMENT

OVERSEAS POWER PLANTS



TASHKENT-A INSTALLED
CAPACITY

240
MW

UZBEKISTAN NATURAL GAS COMBINED CYCLE POWER PLANTS

In 2020, Aksa Energy signed an agreement with the Ministry of Energy of Uzbekistan to commission natural gas combined cycle power plants in Tashkent and Bukhara cities, with a total installed capacity of 740 MW. The agreement includes the sale of the electricity generated at the power plants for 25 years in return for a guaranteed capacity fee in USD.

Aksa Energy's three natural gas combined cycle power plants, with an investment value of USD 450 million, are also the largest Turkish energy investment in Uzbekistan.



TASHKENT-B INSTALLED
CAPACITY

230
MW

UZBEKISTAN, TASHKENT A NATURAL GAS COMBINED CYCLE POWER PLANT

The 240 MW Tashkent A Power Plant, one of Akxa Energy's two power plants in Tashkent, the capital of Uzbekistan, started commercial generation on January 14, 2022. The power plant has 4 GE LM6000 gas turbines, 2 GE Thermodyne 11MC9 steam turbines, and 4 IST boilers.

UZBEKISTAN, TASHKENT B NATURAL GAS COMBINED CYCLE POWER PLANT

With an installed capacity of 230 MW, Tashkent B Power Plant started commercial generation on March 30, 2022. The plant has 24 Wartsila 20V34SG gas engines, 2 Dresser-Rand steam turbines, and 24 Aalborg boilers.



BUKHARA INSTALLED
CAPACITY

270
MW

UZBEKISTAN, BUKHARA NATURAL GAS COMBINED CYCLE POWER PLANT

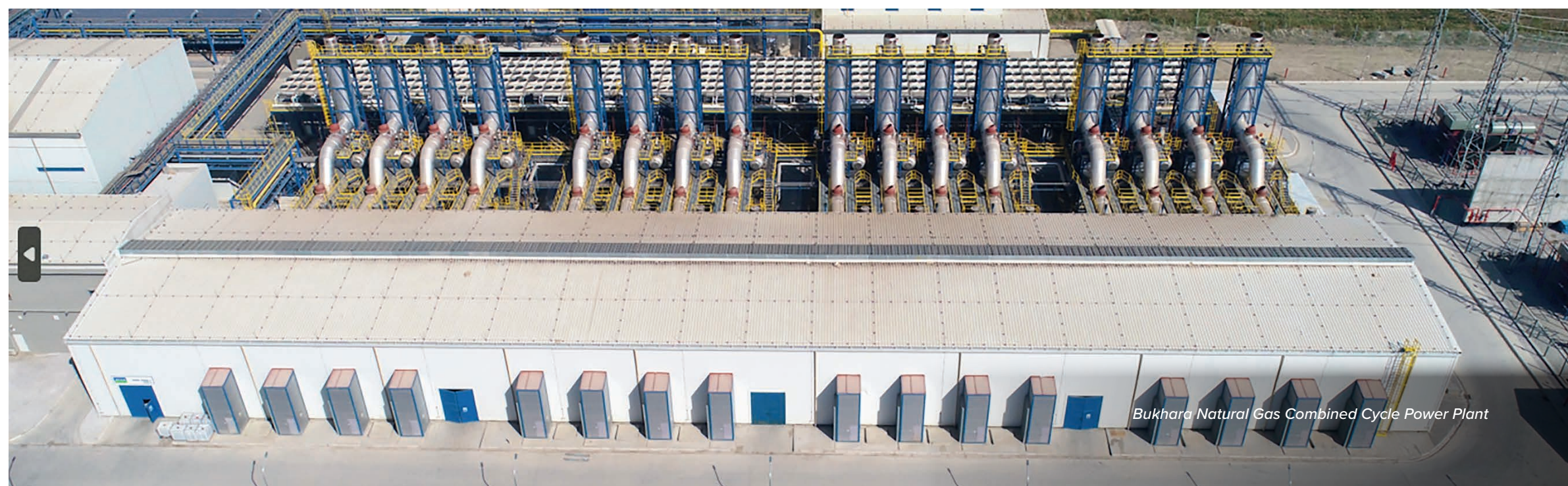
The 270 MW Bukhara Power Plant, which started commercial generation on January 14, 2022, has 28 Wartsila 20V34SG gas engines, 2 Skoda-Jinma steam turbines, and 28 OKA boilers.



Tashkent A Natural Gas Combined Cycle Power Plant



Tashkent B Natural Gas Combined Cycle Power Plant



Bukhara Natural Gas Combined Cycle Power Plant

ASSET PORTFOLIO AND FEATURES

ENERGY EXPORTS C

TO INCOME DIVERS

CONGO

OVERSEAS POWER PLANTS



INSTALLED CAPACITY

50

MW

CONGO NATURAL GAS POWER PLANT

On January 21, 2021, Akxa Energy Company Congo, a 100% subsidiary of Akxa Energy, signed a concession agreement with the Republic of the Congo regarding 30-year operating rights of the natural gas power plant with an installed capacity of 50 MW in Pointe-Noire. The natural gas used in the power plant will be supplied from the local natural gas reserves of the Republic of the Congo, and the electricity generated is started to be exported to the Democratic Republic of the Congo through the existing transmission system. In 2022, the Company signed a concession agreement for the capacity increase and the right to operate a natural gas power plant with an installed capacity of 50 MW in the Republic of the Congo for 30 years.



Congo Natural Gas Power Plant

ASSET PORTFOLIO AND FEATURES

A FIRST IN THE GENERE
PORTFOLIO: HEAT AN
GENERATION TOGETH

ONGOING POWER PLANT INVESTMENTS



INSTALLED CAPACITY

240
MW

KAZAKHSTAN KYZYLORDA
COMBINED HEAT AND POWER
PLANT*

Aksa Energy signed a 15-year capacity agreement with Financial Settlement Center of Renewable Energy Limited Liability Partnership (RFC), which is a subsidiary of the Kazakhstan Ministry of Energy, for the power plant to be commissioned in Kyzylorda. The combined heat and power plant, which will have an installed capacity of 240 MW when completed, is intended to meet both the heat and energy needs of the city. Kyzylorda heat and power plant is targeted to be commissioned in 2025.

* Power plant construction under progress as of the end of 2022.



SUSTAINABILITY APPROACH OF AKSA ENERGY

RESPONSIBLE AND SUSTAINABLE GROWTH

Aiming to create long-term value for future generations, Aksa Energy develops wide-ranging environmental and social initiatives.



COMPLIANCE
WITH THE

10 PRINCIPLES
OF THE UN GLOBAL
COMPACT

Aksa Energy establishes its business model aligned with a vision that encompasses economic, social and environmental factors. Accordingly, the company evaluates its current business processes within the scope of sustainability and takes care to integrate the concept of sustainability into the focus of all its activities.

In a world transformed by rapidly developing technology, Aksa Energy adopts a holistic approach to sustainability in its business model while continuing its investments in line with its global growth targets. In this context, as the most reliable and successful brand in the energy sector in Türkiye, it reduces Türkiye's dependence on foreign energy with its strategy of becoming an energy trade center and ensures the access of local people to energy with its activities in developing countries such as African countries. Thus, Aksa Energy contributes to the development of countries with energy needs and, via the employment it creates, to the socio-economic development of their people, while also providing an important foreign currency inflow for our country.

Not only does Aksa Energy implement responsible and sustainable development principles in its current operations, but the Company also develops environmental and social initiatives with a wide area of impact, aiming to be an effective stakeholder in the geographies where it operates and creating long-term value for future generations.

With the capacity to conduct business on a global scale and its long-standing reliable brand perception, Aksa Energy ensures that all of its business strategies are in line with its sustainability approach. Thanks to the strong organizational structure and dynamic governance model, Aksa Energy continuously increases the added value it generates in social, environmental, and widespread economic areas with the ability to take action quickly. The sustainability targets are effectively communicated to all levels of the Company with its deep sector experience and through effective communication. Aksa Energy's performance in line with these targets is monitored with multi-stakeholder audit practices.

Aksa Energy makes use of energy transformation opportunities, particularly in Central Asia and Eastern Europe, within the scope of efficiency and geographical energy supply. In parallel with its global investments, Aksa Energy integrates global sustainability goals into its value creation approach. The Company, which closely monitors sustainability platforms on a local and global scale, and voluntarily supports sustainable development in all areas, is included in the BIST Sustainability Index since 2015. In addition, Aksa Energy has been a signatory of the United Nations Global Compact (UNGC)¹³ since 2017. The Company carries out its operations in compliance with the 10 principles of this contract and manages all its environmental, social, and economic impacts.

¹³ United Nations Global Compact: An innovative corporate responsibility approach that proposes universal principles to create a common development culture in the constantly competing business world. Participating in the Compact with the vision of a "sustainable and comprehensive global economy" is entirely voluntary.



Aksa Energy is
included in the
Borsa Istanbul
Sustainability Index.

The Company also contributes to seven of the Sustainable Development Goals¹⁴.

UN Global Compact will launch the Communication on Progress Report (CoP) Platform, an advanced and digital platform, in 2023 and has designed 2022 as a transition year. Aksa Energy also took part in this process voluntarily and joined the "Early Adopters" group.

The solid steps taken by Aksa Energy in the field of sustainability have been assessed by the organizations authorized by Borsa Istanbul and the Company was entitled to be included in the Borsa Istanbul Sustainability Index in November 2021-October 2022 period.

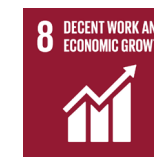
Aksa Energy gives priority to the continuity of its communication with stakeholders. In this context, it has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI¹⁵ Standards every year since 2016.

SUSTAINABILITY COMMITTEE

In order to coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee in 2015, which reports directly to the Chairman of the Board of Directors and CEO. The Committee contributes to the reporting of sustainability performance, as well as to the management of sustainability-related matters with a more holistic approach.

Members of the Sustainability Committee play a primary role in the management of key and prioritized sustainability issues that fall within their respective areas of expertise. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner.

The Sustainability Coordination and Working Group established under the Sustainability Committee to assist the Committee in carrying out these tasks.



¹⁴ Sustainable Development Goals (SDG): A universal call for action that includes the targets aimed to be achieved by the United Nations member states by the end of 2030.

¹⁵ Global Reporting Initiative: An international independent organization that guides establishments, administrations, and other institutions and organizations in important sustainability subjects such as climate change, human rights, and anti-corruption.

ENVIRONMENTAL SUSTAINABILITY

RESPONSIBLE ENVIRONMENTAL MANAGEMENT PROCESSES

Aksa Energy, which will bring efficient and clean energy such as natural gas to Uzbekistan, has taken all environmental precautions by evaluating its ecological impacts before construction and operation.



SOLAR POWER PLANT
INVESTMENT

35
MW

With the principle of “efficient use of resources,” Aksa Energy runs its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its sustainability performance. The Company strives in any case to make a difference in the sector through its efforts to minimize the environmental effects of energy generation operations, as well as through environmental management practices that cover every step of the value chain.

Aksa Energy has adopted an Environmental Policy to ensure that this understanding is institutionalized and embraced by all stakeholders. The Environmental Policy of Aksa Energy is based on four main pillars: climate change, natural resource management, waste management and conservation of biodiversity.

Establishing a Framework Environmental Management System in order to determine the objectives and targets related to the Environmental Policy, to manage, monitor, and control the activities in accordance with this policy, the Company has been granted the following certifications: ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 50001 Energy Management System, ISO/IEC 27001:2013 Information Security Management System, and ISO 45001 Occupational Health and Safety Management System. In addition to the headquarter, Bolu Göynük Thermal Power Plant, Şanlıurfa Natural Gas Combined Cycle Power Plant, and Antalya Ali Metin Kazancı Natural Gas Combined Cycle Power Plant are also covered by the ISO/IEC 27001:2013 Information Security Management System.

In addition, the documentation process for the prioritized dissemination and improvement of the practices related to Integrated Management Systems (ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and ISO 45001 Occupational Health and Safety Management System), which remain valid at the Headquarter, has been completed at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. Documentation and action management of all management systems have been moved to the online document management system. Thanks to this system, which allows remote control and management of the management systems, the works continued without interruption even in the pandemic period when travel restrictions were imposed.

In addition to the coordination of this system implemented at the headquarter, the HSE-Q (Health, Education, Environment-Quality) Department leads the activities at domestic power plants. The HSE-Q team has been continuing its studies to implement this document management system at our foreign power plants in 2022. As of 2020, activities in Ghana Heavy Fuel Oil Power Plant have commenced within the scope of ISO 14001 Environmental Management System and ISO 45001 OHS Management System, and the process is underway.

Aksa Energy continues without respite to analyze the impact of its existing generation units on the environment. Also, the Company regularly conducts environmental impact assessments for new-generation facilities to be built. The Company fully complies with the environmental legislation in its domestic activities, and there has not been any environmental penalty since the establishment of the power plants operating in the country.

The Environmental Policy of Aksa Energy is based on four main pillars: climate change, natural resource management, waste management and conservation of biodiversity.

Aksa Energy continues its activities in Uzbekistan power plants with an installed capacity of 740 MW, where the generation was started in 2022, considering all environmental impacts. Aksa Energy, which will bring efficient and clean energy such as natural gas to Uzbekistan with these power plants, has taken all environmental precautions by evaluating its ecological impacts before construction and operation. Maintaining its sensitivity to the soil, water, and air in Uzbekistan, the Company continuously monitors the effectiveness of the environmental measures it took. Aksa Energy obtained all the necessary legal environmental permits in this respect and became the first private natural gas power plant project in Uzbekistan to receive environmental permits.

Aksa Energy actively encourages responsible environmental management processes among all stakeholders, especially employees. To this end, the Company administers training programs to its employees and raises awareness among suppliers.

Aksa Energy continued its investments in environmental issues and maintained its efforts to minimize the environmental impact of energy generation activities and improve its performance in 2022.

The most significant example of the importance Aksa Energy attaches to environmental investments is Bolu Göynük Thermal Power Plant. Bolu Göynük Thermal Power Plant – the only power plant in Türkiye with fluidized-bed boilers and wet flue gas

purification systems – has met all legal and regulatory requirements stipulated by environmental legislation since it was commissioned in 2015, thanks to its advanced combustion and treatment technologies. The facility also holds the Environmental Permit and License Certificate for Air Emission, Waste Water Discharge and Regular Storage. The plant renewed this certificate in 2022 and obtained an Environmental Permit and Licence Certificate effective until 2027.

In addition to these investments, the Company demonstrates the importance it attaches to health issues by its “COVID-19 Safe Production Certificate,” granted by the Turkish Standards Institute (TSE) in 2020, which acknowledges the highest-level precautions implemented in Bolu Göynük Thermal Power Plant. The document was renewed in 2021 when the relevant obligations continued to be fully implemented. In addition, to reduce carbon emissions at the power plant, the necessary permits have been obtained for the establishment of a solar power plant with an installed capacity of 35 MW at the power plant, and the efforts are underway.

Aksa Energy started to convert the machines at the Ghana Power Plant into a dual-fuel system in 2022. Emissions of the machines, which started to generate energy with natural gas, which is clean energy, decreased by 70% in NO_x, 25% in SO_x, and up to 40% in CO compared to the previous year. In addition, the assembly of Continuous Emission Measurement Systems in all chimneys of the power plant was completed and they were commissioned during the year. Emissions at the power plant are monitored live.

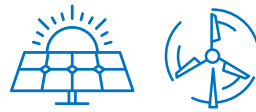
* Received within Kazancı Holding; also covers Aksa Energy Headquarters and said power plants.



ENVIRONMENTAL SUSTAINABILITY

MEASURES TO FIGHT THE CLIMATE CHANGE

Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions.



Aksa Energy aims to contribute to the global fight against climate change and plans to invest in the field of renewable energy in the medium- and long-term.

CLIMATE CHANGE

Today, global warming and climate change are among the world's most important problems, where the integrated financial, geographical, and climatic conditions caused by globalization prevail. Aksa Energy is keenly aware of the energy sector's impact on the environment and it is also aware of its corporate responsibilities in this regard. Since 2015, Aksa Energy has regularly prepared Greenhouse Gas Emission Reports to track greenhouse gas¹⁶ emissions from its current power plant portfolio. After receiving the approval of the independent verification firm authorized by the Ministry of Environment and Urbanization, the reports are presented to the Ministry of Environment and Urbanization. Preparation of the Greenhouse Gas Emission Reports for 2022 started at the beginning of 2023, and on-site inspections are ongoing. The relevant reports will be submitted to the Ministry of Environment and Urbanization within the legal period.

As another sign of its transformation into a sustainable and socially responsible company, Aksa Energy signed The Trillion Tonne Communiqué in 2015, which is a declaration to the world from companies that are sensitive to climate change and demand measures to combat it, and the Company designs its energy investments in this context. Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions.

With the combined cycle power plant technology, the Company utilizes the heat of waste gas emitted during production to generate energy for internal consumption, thereby cutting its energy consumption by 10% per unit. The Company generates energy from waste heat at all of its natural gas power plants and at Northern Cyprus Kalcık Combined Cycle HFO Power Plant. Oxicat filters are also used in natural gas power plants in order to reduce greenhouse gas emissions.

Aksa Energy controls emissions on a real-time basis through continuous emission measurement systems installed in domestic power plants and the air emissions of domestic power plants are monitored online by the Ministry of Environment and Urbanization.

Aksa Energy aims to contribute to the global fight against climate change and plans to invest in the field of renewable energy in the medium- and long-term. Within this scope, the Company won Mini YEKA GES-3 tenders in Bingöl, Yozgat, and Kırşehir, and started to work for its GES portfolio with a total installed capacity of 35 MW. In Bolu, a solar power plant with an installed capacity of 35 MW will be established at the plant site, and the work for its hybrid conversion started to reduce carbon emissions.

Antalya Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant were granted the “Zero Waste” Certificate.

NATURAL RESOURCE MANAGEMENT

At Aksa Energy, innovative initiatives for efficient water use constitute the main practices for the conservation of natural resources, which are declining at an alarming rate. The Company, which shapes its operations with an effective management system to minimize water consumption, uses water from various sources, including network, surface and ground, depending on the region in which the Company's power plants are located.

In this context, the decarbonization¹⁷ systems in Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant help conserve water in production processes.

With a EUR 5.3 million investment, Aksa Energy installed decarbonization facilities at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. With these facilities, over 325,312 m³ of water was saved in the plant in Antalya, and over 1,382,544 m³ of water in the plant in Bolu in 2022.

Moreover, Çatak Pond was created through a TRY 17.5 million investment at Bolu Göynük Thermal Power Plant. In addition, a seawater desalination system was installed at Northern Cyprus Kalcık Combined Cycle HFO Power Plant. This system meets 100% of the plant's water requirements.

WASTE MANAGEMENT

All waste is disposed of in keeping with applicable laws, rules and regulations, and in line with the Company's Environmental Policy.

Aksa Energy's activities to recycle hazardous and non-hazardous waste from production processes are carried out in the periods specified in the Waste Management Regulation. Hazardous waste released by the operation processes is stored in temporary waste storage areas on the plant sites, where its contact with the external environment is cut off to prevent jeopardizing human health and the environment. Later, these materials are transported in licensed vehicles to recycling or disposal facilities, at regular intervals. Packaging waste is sent to recycling companies contracted by municipalities in the regions where the facilities are located. Aksa Energy recycled 622.5 tons of hazardous waste in 2022.

At Bolu Göynük Thermal Power Plant, the resulting ash waste is kept in the Southern Regular Ash Storage Area.

Due to the importance Aksa Energy attaches to waste management and the works carried out in this context, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant were granted the Zero Waste Certificate in January 2021.

¹⁶ Greenhouse Gas: The name given to the gases or compounds such as Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), and Hydro-fluorocarbons (HFCs) that cause the atmosphere to warm up by holding infrared rays in the atmosphere.

¹⁷ Decarbonization: A term meaning to reduce the amount of water consumed per kWh by increasing the number of reuses as a result of the treatment of unwanted elements in the water.



ENVIRONMENTAL SUSTAINABILITY

ACTIVITIES RESPECTFUL OF THE RIGHT TO LIFE

Aksa Energy continues its operations with a special focus on possible environmental impact on species living in its areas of operation.

Within the scope of the studies, the Wagner's gerbil (*Gerbillus Dasyurus*), which was thought to be extinct in Türkiye, was also re-recorded.

PROTECTING BIODIVERSITY

Aksa Energy continues its operations with a special focus on possible environmental impact on species living in its areas of operation. The Company regularly monitors, evaluates and reports the impact of its operations on biodiversity.

In this context, Aksa Energy cooperated with Hatay Nature Conservation Association (TAKODER) from 2015 to 2021. Within the scope of this collaboration, Aksa Energy first sponsored a Conservation Project for Hatay Mountain Gazelles to support conservation of the mountain gazelles and their habitats in Türkiye. Afterwards, the Company contributed to the project for the determination of the current status of the striped hyenas residing nearby Kırkhan Gölbaşı village in Hatay and obtaining information about living spaces and their ecology in 2016 and 2017. Photo- traps were placed in the animals' habitats to be able to observe the striped hyenas. Thanks to this initiative, it was also confirmed that the rock gerbil (*Gerbillus dasyurus*), which was thought to be extinct, still lived in Türkiye.

As part of the project undertaken in cooperation with TAKODER in 2018, a study was carried out to determine the presence and ecology of red deer (*Cervus ephalus*) in the vicinity of Yedigöller National Park. The project helped identify the species' population size and density, distribution, habitat, nutrition and food resources, social behavior, relationship with humans, and the elements that pose a threat to the species, as well as the measures to be taken to protect them. The study also presented notes to raise awareness among the public and to preserve and sustain the population of red deer, the symbol of the region's biological diversity.

In 2019, Aksa Energy initiated activities in Bolu for the conservation of brown bears (*Ursus arctos*), the biggest predator and the only bear species living in Türkiye. This initiative aimed to identify the threatening factors in the geographic areas that the species inhabits while establishing protection measures in the Yedigöller region of Bolu province to preserve species in the region and to raise awareness among the public. Informational signage was planned to be placed in road networks and areas where tourism activities are conducted; and ecological bridge passages were identified. Additionally, measures taken to protect the species were reported to the Bolu Branch of the Nature Conservation and National Parks.

During the project, carried out to contribute to the sustainability of the lives of these lynxes – rare in Türkiye and generally found in Bolu – other species were determined, and various ecological data were collected.

Adding a new initiative to its protection of biodiversity in 2020, Aksa Energy carried out a project in Bolu, where it operates, for the bobcat (*Lynx lynx*). Within the scope of the project, the Company focused on the lynx species, which is threatened according to the International Union for Conservation of Nature (IUCN) Mediterranean Biodiversity assessment, and contributed to analysis to identify the factors that threaten the species and set forth protection recommendations. During the project, carried out to contribute to the sustainability of these lynxes – rare in Türkiye and generally found in Bolu – other species were determined, and various ecological data collected. That these lynxes still inhabit relevant region is an indication that the ecosystem is functioning properly.


Aksa Energy started to examine the habitation areas of Mediterranean Monk Seals in the coastal area of Northern Cyprus in 2021. The breeding, sheltering, and wandering areas of seals in this zone will be identified and mapped with the project.



SOCIAL RESPONSIBILITY

SUPPORT FOR ECONOMIC,
SOCIAL, AND CULTURAL
DEVELOPMENT

The human resources required in the Company’s regions of operation are recruited locally, creating job opportunities in those communities and regions.


DONATION AMOUNT
5.6
TRY MILLION

As a global company operating in 8 countries, Aksa Energy defines “stakeholders” as all individuals and institutions that are directly or indirectly affected by its activities within the framework of the principles set out in its Corporate Social Responsibility Policy. The company aims to create value for this wide stakeholder base with a sense of social responsibility. In this direction, it conducts studies to contribute to the economic, social, and cultural development of the local communities within its field of activities.

The human resources required in the Company’s regions of operation are recruited locally, thus creating job opportunities in those communities and regions. As of the end of 2022, the local employment rate of the Company was 66.7% in Ghana, 63% in Madagascar, 64% in Mali, 76.7% in Cyprus, 59.2% in Uzbekistan, and 73.7% in Congo.

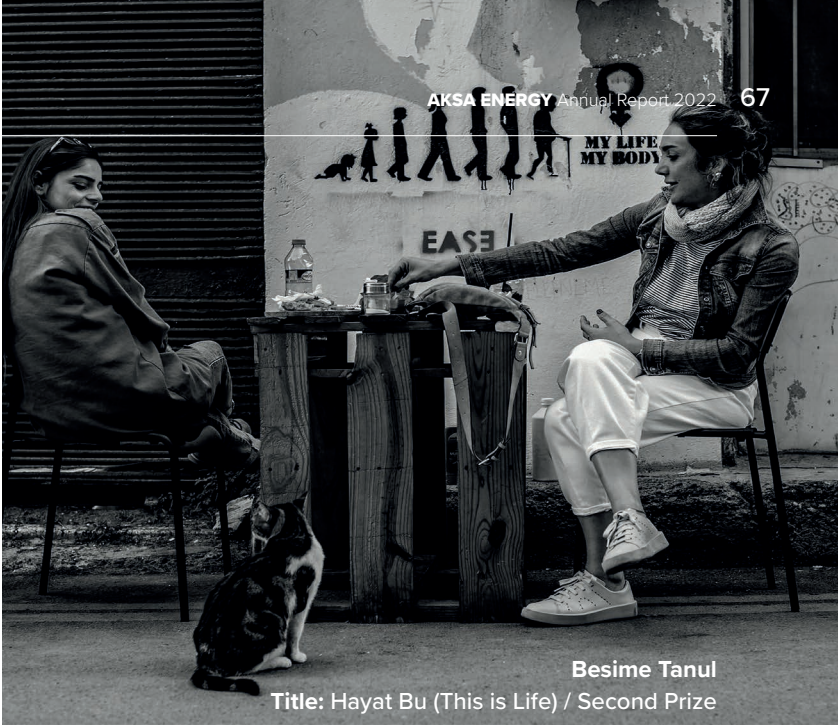
Aksa Energy creates lasting value through infrastructure operations and maintenance projects that bolster the development of the local economy in these regions. Complaints and requests are evaluated through feedback mechanisms that are customized for the unique needs and demands of stakeholders and local populations. In this context, donations of TRY 5,645,951 in total have been made during the year.

Committed to establishing transparent and effective communication channels with all its stakeholders, Akxa Energy conducts its relations with the companies and suppliers with which it has business relations on the basis of sustainability.

As of the end of 2022, 92% of the Company’s 2.083 suppliers from 18 different countries on 4 continents were domestic, including subcontractors, intermediaries, and consultancy firms that provide services in the fields of energy generation and mining. In 2022, 58% of the purchases amounting to TRY 10,998,173,693.83 were made from domestic suppliers.



Erkan Çelikeri
Title: Grandmother / First Prize



Besime Tanul
Title: Hayat Bu (This is Life) / Second Prize



Besime Tanul
Title: Tasha / Third Prize

Within the scope of Akxa Fotofest 2022, 6 people were awarded in 2 different categories, and 39 works were found worth exhibiting.

AKSA FOTOFEST 2022

Aksa Energy holds a photography contest named Akxa Fotofest regularly in order to contribute to the world of culture and art in Northern Cyprus as well as to support photography. Art photographers find the opportunity to represent the local culture in different media through their works, thanks to the competition organized with a different theme

every year. In 2022, for this purpose, the themes of the 7th competition, which enabled Cypriot art lovers to meet many artists and works, were determined as “Cyprus Traditional Cuisine” and “Cyprus Traditional Handicrafts”. Within the scope of this year’s competition, 6 people were awarded in 2 different categories, and 39 works were found worth exhibiting.

HUMAN RESOURCES

MISSION TO BECOME THE
EMPLOYER BRAND OF THE
SECTOR

Aksa Energy embraces an approach best summarized as “our most valuable asset is our human resources,” which serves as the cornerstone of its Human Resources Policy.

000
NUMBER OF EMPLOYEES
1,234

Aksa Energy focuses on effectively using modern human resources systems and practices in place, aligned with the Company’s strategic objectives and its mission of being the employer of choice in the energy sector.

Aksa Energy offers a workplace environment that respects employees’ rights, is open to training and development, and allows the Company to create a competent, best-in-class team and continue its sustainable growth journey.

HUMAN RESOURCES POLICY

Aksa Energy embraces an approach best summarized as “our most valuable asset is our human resources,” which serves as the cornerstone of its Human Resources Policy.

The mission of human resources is to support all of the Company’s management staff and personnel; to ensure the continuity of a creative, dynamic, highly motivated, effective, and efficient corporate team; and to establish human resources systems in coordination with the related units. Training sessions are conducted to develop the technical and occupational knowledge and personal skills required for individuals to perform efficiently and effectively in their respective roles and departments.

Aksa Energy understands that it will reach its ambitious targets by attracting and retaining the most qualified human capital; and prioritizes employing well-educated, talented, and successful individuals. In terms of employment, it is planned not only to fill the current vacancies but also to recruit profiles that are in line with the long-term targets of the Company.

As a company practice, personnel needs are primarily met by Aksa Energy’s existing personnel resources. To fill vacancies that cannot be met internally, via promotion or transfer, Aksa Energy uses external resources to facilitate new staff recruitment. The Human Resources Policy, which includes the Company’s recruitment criteria, is publicly disclosed on the corporate website (<https://www.aksaenerji.com.tr/en/human-resources>). The Board of Directors takes an active role in developing a succession plan for key management positions.

Job definitions of the Company’s employees are detailed in written form in compliance with the ISO 9001 standard on Quality Management Systems. Staff salaries and other benefits are determined on the basis of performance and efficiency.

8 COUNTRIES, 1,234 EMPLOYEES

Aksa Energy employs a total of 1,234 employees as of December 31, 2022. 23% of the employees are white-collar and 77% are blue-collar. 5% of the company employees work at the Headquarters and 95% are employed at power plants and establishments.

Aksa Energy has 414 employees in Türkiye, 73 in TRNC, 156 in Ghana, 103 in Mali, 130 in Madagascar, 317 in Uzbekistan, 38 in Congo, and 3 in Kazakhstan. The Company employs 63% of its 820 employees abroad from the local communities. At all the domestic and overseas power plants, utmost care is taken to recruit local residents to contribute to the development of local communities.

In line with its vision of becoming the employer of choice among energy companies, Aksa Energy shapes its human resources approach around the core values of the right person for the right job, management of diversity, equal opportunities for all, and personal and professional development.



Employee satisfaction and engagement are the unwavering principles of the Company’s human resources vision.

Aksa Energy’s firm target is to recruit well-educated, talented, tech-savvy, and innovative individuals who can add value to the Company and possess a strong sense of business ethics; keep a close watch on the global marketplace; and embrace the Company vision and work diligently with an open mind to achieve this vision. When the need for a new position in the Company arises, internal and external resources are evaluated by considering the characteristics required by the job definition and the job itself.

Employee satisfaction and engagement are the unwavering principles of the Company’s human resources vision. To this end, Aksa Energy develops and implements policies that foster the commitment of its workforce.

Aksa Energy employees are dynamic, open to innovation and change, and aware of their potential to develop themselves and their work. From the day of recruitment onwards, they are members of a team that cultivates development and creativity, rewards efforts, and appreciates achievements.

Aksa Energy believes that diversity and respect for different beliefs and opinions enrich the corporate culture while achieving business objectives, and

provides employees with frequent opportunities to strengthen their competencies. Aksa Energy and its subsidiaries are firmly against discrimination based on race, religion, language, gender, or sexual orientation, at any stage of its business operations including the nomination, recruitment, and promotion processes. Aksa Energy adopts universally recognized human rights principles and has a Human Rights Policy*. Within this scope, the Company is strongly opposed to child labor and forced labor. Aksa Energy also prepares the United Nations Global Compact Progress Statement every year within the scope of this policy.

In 2022, Aksa Energy focused on searching, interviewing, and recruiting candidates to establish the teams necessary for ongoing investments, and brought new talents to the Company as part of the “enerjiMAXa” new graduate program carried out within Kazancı Holding. Other Human Resources studies that stand out in 2022 include profile studies at the Headquarters and power plants of Kazancı Holding, recruitment processes, and revision of related documents. The Company has started the support operations for each new step to be taken within the scope of investment, operation, and future activities toward the 2030 strategy targets and will continue these operations in 2023 as well.

HUMAN RESOURCES

SUPPORT FOR DEVELOPMENT
WITH AKSA ACADEMY

Aksa Energy recruits its current and potential human capital via talent management efforts.


TOOLBOX TRAINING
9,305
PERSON X
HOURS

REMUNERATION AND BENEFITS

Aksa Energy is focused on providing optimum conditions for its employees including remuneration and side benefits that are meaningful for employees and sustainable for the Company.

In parallel with the Company’s objective of being the most preferred employer within the industry, Aksa Energy implements a remuneration policy that is competitive, sensitive to the market, and which aims to improve the quality of life of its staff.

Remuneration at Aksa Energy is primarily based on performance. In addition to performance, the Company closely monitors general macroeconomic conditions, the current inflation rate in Türkiye and industrial trends to guarantee an appropriate and fair remuneration policy for its employees. Aksa Energy’s Remuneration Policy is continually reviewed in line with the following principles of;

- Fairness,
- Measurable and balanced performance targets,
- Sustainable success,
- Compliance with the Company’s risk management principles.

PERSONAL AND PROFESSIONAL DEVELOPMENT

Aksa Energy recruits its current and potential human capital via talent management efforts. Career paths are created on a common ground that benefits both employees and the Company, enabling staff members to improve their skills and help the Company achieve its corporate goals.

Aksa Energy places special importance on the personal and professional development of its employees. For this purpose, the Company supports its staff with training programs it organizes at regular intervals.

These training programs aim to help staff members gain new skills and develop their performance and competencies, as well as to stay abreast of developments in the energy sector where continuously developing technology is at the forefront.

Aksa Academy, the training and life platform established within Aksa Energy’s main shareholder Kazancı Holding and provides a learning experience that creates value for all employees, is effectively used by Aksa Energy employees as well. To increase the use of this platform created within the Company, various activities are also underway.

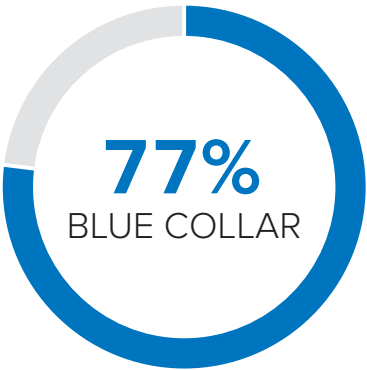
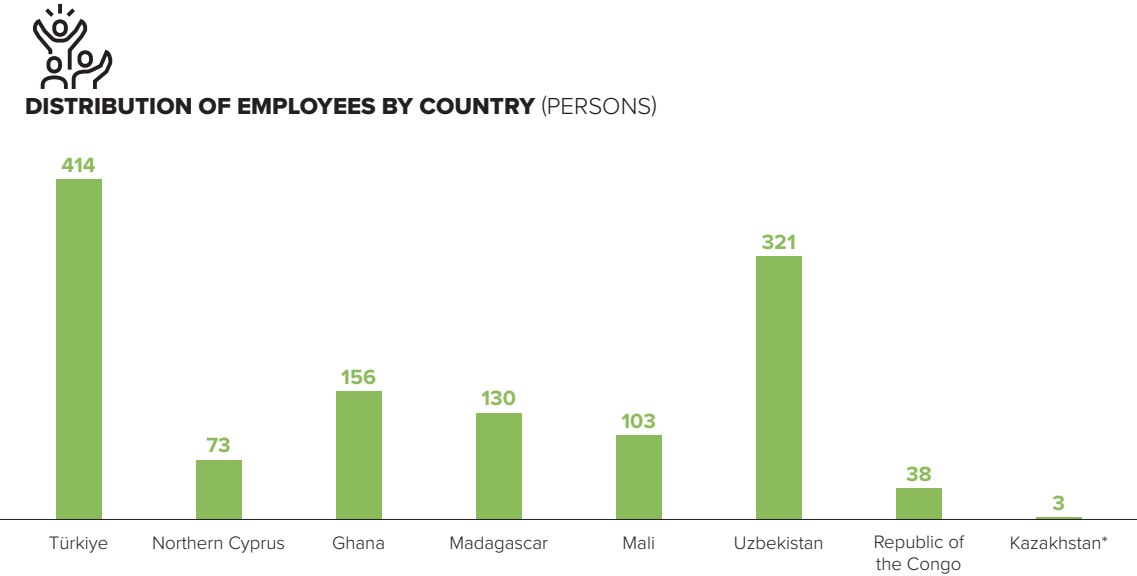
In 2022, Aksa Energy organized a total of 9,305 person x hours of Toolbox training for its employees, while the total number of technical, vocational, OHS and other training attended by employees was 10,238 person x hours. In addition, training sessions of 21,273 person x hours were held for company employees within the scope of Aksa Academy, the internal training platform of Kazancı Holding.

Aksa Energy is focused on providing optimum conditions for its employees including remuneration and side benefits that are meaningful for employees and sustainable for the Company.

Educational Background (Persons)	2018	2019	2020	2021	2022
Undergraduate, Master’s Degree, and Doctorate	22%	28%	24%	29%	29%
Vocational College	18%	14%	21%	16%	14%
Vocational High School, High School, and Below	60%	58%	55%	55%	57%
Grand Total	100%	100%	100%	100%	100%

Median Age	2018	2019	2020	2021	2022
	36	36	35	37	37

Training	Total Person x Hours Participation
Professional/Technical/OHS/Other	10,238 person x hours
Toolbox Training	9,305 person x hours
Aksa Academy Training	21,273 person x hours
Total	41,438 person x hours



* Aksa Energy’s Human Rights Policy is accessible at: <https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/>

* Ongoing investment projects

OCCUPATIONAL HEALTH AND SAFETY

ZERO ACCIDENT TARGET

In all activities, all necessary safety precautions are taken and the works are carried out to prevent occupational diseases.



GENERAL OCCUPATIONAL HEALTH AND SAFETY TRAINING

10,435
PERSON X
HOURS

While conducting its business operations at home and abroad, Aksa Energy adopts an occupational health and safety management approach that is committed to complying with applicable local and international laws, rules and regulations in order to provide a healthy and safe work environment for its employees. Aksa Energy implements pioneering occupational health and safety practices and ensures the continuous improvement of its performance in this area with its Occupational Health and Safety ("OHS") Policy*.

In order to create these conditions, Aksa Energy maintains its efforts in the area of OHS. The Company carries out all OHS activities with the goal of "zero work accidents," puts in place all necessary safety precautions, and takes actions to prevent occupational diseases. Within this context, 3,692,428 person x hours of work in total were carried out at Aksa Energy's domestic and overseas power plants in 2022 for providing 10,435 person x hours of General Occupational Health and Safety training and 9,603 person x hours of Toolbox training.

In 2022, 5 work accidents with lost days occurred in domestic power plants, while 3 work accidents with lost days occurred in overseas power plants. The accidents with a total of 90 lost days occurred in domestic and overseas power plants.

As of 2021, the number of pending lawsuits due to responsibilities arising from occupational accidents is 5.

In 2022, Aksa Energy continued its efforts to improve the health and safety conditions of its employees and reduce occupational accidents and diseases in its domestic and overseas power plants. In 2022, Aksa Energy decreased its accident frequency rate¹⁸ by 40% compared to the previous year.

The Company fully complies with OHS laws, rules and regulations. It also goes beyond its legal obligations and implements the latest OHS practices and international standards.

Aksa Energy has internalized effective management processes related to occupational health and safety, thanks to the ISO 45001 Occupational Health and Safety Management System certification.

The Company is committed to implementing OHS measures at all its facilities throughout Türkiye, its subcontractors' facilities, and all related organizations.

As with all strategic issues within the Company, all OHS hazards and risks are identified, assessed, and classified by analyzing the issue from a risk perspective. Through such an approach, comprehensive measures are taken to reduce risks to a minimum. The OHS Management System Notification Directive is implemented in recording all data on employee health and safety completely; the data collected is compared with statistics from Türkiye and Europe to conduct assessment and improvement activities.



Worldwide contemporary OHS practices and international standards are implemented at the power plants.

Assessment and improvement activities related to OHS are carried out by the OHS Committee at Aksa Energy. The Committee is comprised of Aksa Energy employees and represents the entire Company workforce. The Chairman of the OHS Committee reports directly to the Vice President, Chief Operating Officer (COO).

Aksa Energy has ensured the continuity of the following certifications it holds, which have been successfully internalized in the corporate culture:

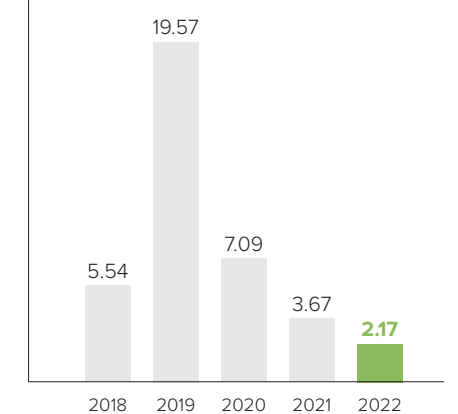
- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 50001 Energy Efficiency Management System
- ISO/IEC 27001:2013 Information Security Management System**

In 2021, Aksa Energy commissioned training, risk assessment, incident/accident investigation, and action management modules over the QDMS software system in its domestic businesses to spread the occupational health and safety culture throughout the organization. It provided access to

the QDMS system for all its employees with the aim of opening systems such as near-miss and unsafe condition notifications and taking quick action. The Company also plans to put this system into operation in overseas power plants in the upcoming period.



AKSA ENERGY ACCIDENT FREQUENCY RATES



* Aksa Energy's OHS Policy is accessible at: <https://www.aksainvestorrelations.com/media/7669/ohs-policy.pdf>
¹⁸ Accident frequency rate: It is calculated by dividing the number of work accidents by the total working time.

** Received for Kazancı Holding; also covers Aksa Energy Headquarters, Bolu Göynük Thermal Power Plant, and Şanlıurfa Natural Gas Combined Cycle Power Plant.

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

No	Principle Type	Principle Code	Principle Description	Compliance		Description	Related Link(S)
1	A. General Principles	A1. Strategy, Policy and Objectives	The Board of Directors determines the material issues, risks and opportunities related to ESG and defines the related ESG policies. In order to implement these policies effectively, an internal directive, business procedures, etc. may be prepared. These policies are based on the resolutions of the Board of Directors and disclosed to the public.	Partial Compliance		To coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee, which reports directly to the Chairman of the Board of Directors and CEO. Members of the Sustainability Committee play a primary role in the management of key and prioritized sustainability issues that fall within their respective areas of expertise. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner. Aksa Energy Sustainability Committee also establishes the strategies, policies and objectives required to manage environmental, social and managerial risks. Also affiliated to the Board of Directors; there are Audit Committee and Early Detection of Risk Committees. Policies are shared with the public on the corporate website, and studies are carried out to diversify the policies.	https://www.aksaenerji.com.tr/surdurulebilirlik/politikalarimiz/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/kar-dagitim-politikasi/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/bilgilendirme-politikasi/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/bagis-ve-yardim-politikasi/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/ruvet-veyolsuzlukla-mucadele/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/insan-haklari-politikasi/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/etik-ilkeler/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/yonetim-kurulu-komiteleri/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/
2		A1. Strategy, Policy and Objectives	It determines the Partnership Strategy in accordance with the Environmental, Social and Governance (ESG) policies, risks and opportunities. In addition, it determines and publicly discloses short and long-term objectives in line with the partnership strategy and ESG policies.	Partial Compliance		Thanks to its strong organizational structure and dynamic governance model, Aksa Energy – consistently ensures that all business strategies are compatible with its sustainability approach – and contribute to society in social, environmental, and economic areas. Sustainability targets, which are formed by the senior management in line with the company strategies, taking into consideration the short, medium and long terms, are transferred to all company levels with an effective communication. Aksa Energy's performance in line with these targets is monitored with multi-stakeholder audit practices. The Company's short and long-term numerical targets within the scope of Environmental, Social and Governance (ESG) have not yet been determined and disclosed to the public.	https://www.aksaenerji.com.tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillik-faaliyet-raporlari/
3		A2. Implementation/ Monitoring	Implementation/Monitoring Determines and publicly discloses the committees/units responsible for the execution of ESG policies. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Partial Compliance		In order to coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee in 2015, which reports directly to the Chairman of the Board of Directors and CEO. Members of the Sustainability Committee play a primary role in the management of key and prioritized sustainability issues that fall within their respective areas of expertise. The Committee contributes to the reporting of sustainability performance, as well as to the management of sustainability-related matters with a more holistic approach. Also affiliated to the Board of Directors; there are Audit Committee and Early Detection of Risk Committees. The Sustainability Coordination and Working Group established under the Sustainability Committee to assist the Committee in carrying out these tasks. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner. Aksa Energy has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016. In addition, it has informed both the Board of Directors and the public through the sustainability section included in the annual reports.	https://www.aksaenerji.com.tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/yonetim-kurulu-komiteleri/ https://www.aksaenerji.com.tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
4		A2. Implementation/ Monitoring	Forms implementation and action plans in line with the determined short and long term targets and discloses them to the public.	Partial Compliance		Sustainability targets, which are formed by the senior management in line with the company strategies, taking into consideration the short, medium and long terms, are transferred to all company levels with an effective communication. Aksa Energy's performance in line with these targets is monitored with multi-stakeholder audit practices. The Company's short and long-term numerical targets, implementation and action plans within the scope of Environmental, Social and Governance (ESG) have not been determined and disclosed to the public.	https://www.aksaenerji.com.tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
5		A2. Implementation/ Monitoring	Determines Environmental, Social and Governance (ESG) Key Performance Indicators (KPI) and discloses them in a comparative manner on a year basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Partial Compliance		Aksa Energy has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016. Key Performance Indicators (KPI) determined by the Company within the scope of ESG, are also included in these reports together with the information for the past 3 years. In addition, some selected KPI are shared with the public in the annual report. If any of the KPI are confirmed, they are stated in the relevant reports as an information note. Local and international sector comparisons regarding the Company's KPI are not included in the reports.	https://www.aksaenerji.com.tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
6		A2. Implementation/ Monitoring	Implementation/Monitoring Discloses the innovation activities that improve the sustainability performance for business processes or products and services.	Total Compliance		Aksa Energy also attaches importance to aligning business processes and methods suitable for rapidly advancing technology, which is one of the requirements of sustainability. The Company provides information about innovation activities that improve the sustainability performance for business processes or products and services on its corporate website with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
7		A3. Reporting	Sustainability performance, goals and actions are reported at least once a year and disclosed to the public. Discloses the information on sustainability activities within the scope of the annual report.	Partial Compliance		Aksa Energy has been voluntarily presenting its sustainability performance and actions to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016. There is also a section on sustainability performance within the scope of annual reports. The Company's short and long term numerical targets within the scope of ESG have not yet been determined and shared with the public.	https://www.aksaenerji.com.tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

No	Principle Type	Principle Code	Principle Description	Compliance		Description	Related Link(S)
8	A. General Principles	A3. Reporting	It is essential to share information that is important for stakeholders to understand the position, performance and development of the partnership in a direct and concise manner. It can also disclose detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Total Compliance		Aksa Energy gives priority to the continuity of its communication with its stakeholders. In this regard, it shares important information for stakeholders in a direct and concise manner through sustainability reports, annual reports, corporate website and investor relations website.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksainvestorrelations.com/tr/ana-sayfa/ https://www.aksainvestorrelations.com/tr/sunumlar/ finansal-sunumlar/ https://www.aksainvestorrelations.com/tr/sunumlar/yatirimci-sunumlari/ https://www.aksaenerji.com.tr/tr/ana-sayfa/
9		A3. Reporting	Takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of its balanced approach.	Total Compliance		Aksa Energy cares about informing all its stakeholders in a transparent and reliable way about the activities carried out with its sustainability approach. Within the scope of its balanced approach adopted in this direction, it takes care to objectively explain all kinds of developments about material issues in disclosures and reporting.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
10		A3. Reporting	Provides information about its activities regarding their relationship with the United Nations (UN) 2030 Sustainable Development Goals.	Total Compliance		In its sustainability report, which also benefits from the guidance of the United Nations Sustainable Development Goals (SDG), Aksa Energy provides information about the UN 2030 Sustainable Development Goals related to the activities of the company.	https://www.aksaenerji.com.tr/en/sustainability/our-approach-to-sustainability/
11		A3. Reporting	Makes an explanation regarding the lawsuits filed and/ or concluded against environmental, social and corporate governance issues.	Total Compliance		Sustainability and/or annual reports include explanations regarding the lawsuits filed and/or concluded against environmental, social and corporate governance issues.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
12		A4. Verification	Sustainable performance measurements verified by the independent third parties (independent sustainability assurance providers) are disclosed to the public and efforts are put to increase the related verification processes.	Partial Compliance		Aksa Energy has regularly prepared Greenhouse Gas Emission Reports in order to monitor greenhouse gas emissions in its current power plants portfolio since 2015. The information that these reports are submitted to the Ministry of Environment and Urbanization after approval is received from the independent verification firm authorized by the Ministry of Environment and Urbanization, is included in the sustainability and/or annual reports. Other sustainability performance measures have not yet been confirmed by third parties.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
13	B. Environment	B. Environmental Principles	Explains the policies and practices, action plans, environmental management systems (known with the ISO 14001 standard) and programs in the field of environmental management.	Total Compliance		Aksa Energy publishes the Environmental Policy, which it has established with the commitment of the CEO and the Chairman of the Board of Directors, on its corporate website. The Company establishes the Framework Environmental Management System (FEMS) in order to determine the goals and targets related to environmental policy, and to manage, monitor and audit its operations in accordance with this policy, and also holds the ISO 14001 Environmental Management System certificate. Detailed information about the company's policies and practices, action plans, environmental management systems, certificates and programs in the field of environmental management are disclosed to the public on the corporate website with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/politikalarimiz/ cevre-politikasi/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ politikalarimiz https://www.aksaenerji.com.tr/ cevresel-surdurulebilirlik/ https://www.aksaenerji.com.tr/ media/25716/aksa_cy s.pdf https://www.aksaenerji.com.tr/tr/ surdurulebilirlik/sertifikalarimiz/ https://www.aksainvestorrelations.com/ tr/yillikfaaliyet-raporlari/
14		B. Environmental Principles	Complies with environmental laws and other relevant regulations and explains them.	Total Compliance		Aksa Energy complies with environmental laws and other relevant regulations. Within this framework, it executes the regulations in the Framework Environmental Management System, in which it sets forth the rules and responsibilities regarding the Environmental Policy. In its sustainability report, it informs the public about the Company's purpose to comply with environmental laws and other legal requirements.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/politikalarimiz/ cevre-politikasi/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ politikalarimiz https://www.aksaenerji.com.tr/ cevresel-surdurulebilirlik/ https://www.aksaenerji.com.tr/ media/25716/aksa_cy s.pdf https://www.aksaenerji.com.tr/tr/ surdurulebilirlik/sertifikalarimiz/ https://www.aksainvestorrelations.com/ tr/yillikfaaliyet-raporlari/
15		B. Environmental Principles	Explains the limitations regarding the environmental reporting boundary, the reporting period, reporting date, data collection process and reporting conditions in the report to be prepared within the scope of Sustainability Principles.	Total Compliance		The environmental report, which has been within the scope of sustainability reports prepared in accordance with GRI (Global Reporting Initiative) Standards since 2016 and presented to the public, includes explanations regarding the data and constraints.	https://www.aksaenerji.com.tr/en/sustainability/reports/
16		B. Environmental Principles	Describes senior responsible officer in the partnership, relevant committees and their duties on the issue of environment and climate change.	Total Compliance		In order to coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee in 2015, which reports directly to the Chairman of the Board of Directors and CEO. Information about the Sustainability Committee and its Members can be found on the corporate website, in the annual and/or sustainability reports. In addition, the Environmental Policy, which includes the issue of combating climate change, and the commitment of the CEO and Chairman of the Board of Directors are available on the corporate website.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/politikalarimiz/ cevre-politikasi/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
17		B. Environmental Principles	Describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	Non-Compliant		The Studies regarding incentives for the management of environmental issues will be carried out after determining the short and long term numerical targets of the Company within the scope of ESG.	-
18		B. Environmental Principles	Explains information regarding the integration of environmental problems into business goals and strategies.	Partial Compliance		Thanks to its strong organizational structure and dynamic governance model, Aksa Energy – consistently ensures that all business strategies are compatible with its sustainability approach – and contribute to society in social, environmental, and economic areas. Information regarding the integration of environmental problems into business goals and strategies is disclosed in the sustainability report and/or annual report.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

No	Principle Type	Principle Code	Principle Description	Compliance		Description	Related Link(S)
19	B. Environment	B. Environmental Principles	Explains its sustainability performances for its business processes or products and services, and the activities to improve this performance.	Partial Compliance		Aksa Energy provides information about its sustainability performances for its business processes or products and services, and the activities to improve this performance on its corporate website with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/cevresel-surdurulebilirlik/
20		B. Environmental Principles	Explains how it manages not only direct operations but also environmental issues in the value chain partnership and integrates suppliers and customers into its strategies.	Partial Compliance		The Company strives to make a difference in the sector through its efforts to minimize the environmental effects of energy generation operations, as well as through environmental management practices that cover every step of the value chain. It provides information about its activities in this direction in its sustainability and/or annual reports.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
21		B. Environmental Principles	The company explains whether it is involved in (sectoral, regional, national and international) policy-making processes on environmental issues, its collaborations with the associations, related organizations and non-governmental organizations of which it is a member regarding the environment, and the tasks it performs, if any, and the activities it supports.	Partial Compliance		Information about the memberships of Aksa Energy and the initiatives it supports is disclosed to the public on the corporate website along with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/iklim-degisikligi-ve-enerji/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/
22		B. Environmental Principles	Reports periodically comparable information regarding environmental impacts in the light of environmental indicators that consist of Greenhouse gas emissions [Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1], air quality, energy management, water and wastewater management waste management, biodiversity impacts.	Partial Compliance		Aksa Energy's information about environmental impacts in the light of environmental indicators is disclosed to the public on the corporate website with sustainability and/or annual reports. These reports also contain indicators such as Scope 3 that have not yet been disclosed.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/cevresel-surdurulebilirlik/
23		B. Environmental Principles	Standards, protocols, methodologies, and reference year details used to collect and calculate data are described.	Partial Compliance		Includes the details on the standard, protocol and methodology used in the processes of collecting and calculating data regarding greenhouse gas described in the sustainability report. Base year information has not been clarified yet, and it is evaluated in the process of determining short and long term numerical targets within the scope of Environmental, Social and Governance (ESG) of the company.	https://www.aksaenerji.com.tr/en/sustainability/reports/
24		B. Environmental Principles	Describes the status of the environmental indicators (increase or decrease) for the reporting year in comparison with previous years.	Total Compliance		The status of environmental indicators for the relevant reporting year is explained in comparison with previous years in the sustainability and/or annual report of Aksa Energy on the corporate website.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/cevresel-surdurulebilirlik/
25		B. Environmental Principles	Determines short and long term targets to reduce their environmental impact and explains these targets. It is recommended that these targets be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. Provides information about the relevant subject in case of progress in the targets achieved in the relevant reporting year compared to the predetermined targets.	Partial Compliance		With the principle of "efficient use of resources," Aksa Energy runs its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its sustainability performance. Information about sustainability performance is shared in the sustainability and/or annual report. The Company's short and long-term numerical targets within the scope of Environmental, Social and Governance (ESG) have not yet been determined and disclosed to the public.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
26		B. Environmental Principles	Explains the strategy and actions to combat the climate crisis.	Partial Compliance		Cognizant of the energy sector's impact on the environment and climate change and aware of its own responsibilities, Aksa Energy shares information about its strategy and actions to combat the climate crisis in its sustainability and/or annual report, on its corporate website. The Company's short and long term numerical targets, including combating climate change within the scope of Environmental, Social and Governance (ESG) have not yet been determined and disclosed to the public.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/cevresel-surdurulebilirlik/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/iklim-degisikligi-ve-enerji/
27		B. Environmental Principles	Describes the programs or procedures to prevent or minimize the potential negative impact of its products and/or services. Explains the actions of third parties to reduce greenhouse gas emissions.	Partial Compliance		Cognizant of the energy sector's impact on the environment and climate change and aware of its own responsibilities, Aksa Energy shares information about the programs or procedures to prevent or minimize the potential negative impact of its products and/or services in its sustainability and/or annual report, on its corporate website. Aksa Energy plans to invest in the field of renewable energy in the medium to long term within the scope of its goal of contributing to the global fight against climate change. Greenhouse gas emission amounts in Scope 3 have not been calculated yet.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/cevresel-surdurulebilirlik/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/iklim-degisikligi-ve-enerji/
28		B. Environmental Principles	Explains the total number of activities such as taking measures to reduce its environmental impacts, realizing projects and initiatives, and the environmental benefits/gains and cost savings provided by these activities.	Partial Compliance		With the principle of "efficient use of resources," Aksa Energy runs its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its sustainability performance. The company provides information about activities such as taking measures to reduce its environmental impacts arising from energy production activities, realizing projects and initiatives, and the environmental benefits/ gains and cost savings provided by these activities, with sustainability and/or annual report on its corporate website. The report does not yet include explanations regarding the total number of projects, initiatives and cost savings.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/cevresel-surdurulebilirlik/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/iklim-degisikligi-ve-enerji/
29		B. Environmental Principles	Reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Total Compliance		Energy Consumption and Scope-1 and Scope-2 Greenhouse Gas Emissions are explained on the basis of electricity and fuel types in the sustainability report of Aksa Energy.	https://www.aksaenerji.com.tr/en/sustainability/reports/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

No	Principle Type	Principle Code	Principle Description	Compliance		Description	Related Link(S)
30	B. Environment	B. Environmental Principles	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Total Compliance		Information about Aksa Energy's Energy Consumption Per Generation and Greenhouse Gas Emissions per Generation is explained in the sustainability report. In addition, the volumes of electricity generated in power plants are included in the investor presentations.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/presentations/financial-presentations/
31		B. Environmental Principles	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Non-Compliant		Aksa Energy aims to contribute to the global fight against climate change. In this context, the Company plans to invest in renewable energy in the medium to long term.	-
32		B. Environmental Principles	Explains the renewable energy generation and consumption data.	Non-Compliant		Aksa Energy aims to contribute to the global fight against climate change. In this context, the Company plans to invest in renewable energy in the medium to long term.	-
33		B. Environmental Principles	Conducts energy efficiency projects and explains the amount of energy consumption and emission reduction thanks to these studies.	Partial Compliance		Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions. Information about energy efficiency projects carried out within this framework and the energy savings provided by these studies is shared in the sustainability report. There is no explanation regarding the amount of emission reduction on project basis yet.	https://www.aksaenerji.com.tr/en/sustainability/reports/
34		B. Environmental Principles	Reports the amount, sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.) of water withdrawn, used, recycled and discharged from underground or aboveground.	Partial Compliance		At Aksa Energy, innovative initiatives for efficient water use constitute the main practices for the conservation of natural resources, which are declining at an alarming rate. The Company, which shapes its operations with an effective management system to minimize water consumption, uses water from various sources, including network, surface and ground, depending on the region in which the Company's power plants are located. Some data regarding water consumption are explained in the sustainability report.	https://www.aksaenerji.com.tr/en/sustainability/reports/
35		B. Environmental Principles	Explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Non-Compliant		Operations or activities of Aksa Energy are not included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	-
36		B. Environmental Principles	Describes information about the carbon credits accumulated or purchased during the reporting period.	Non-Compliant		There is no information about carbon credits accumulated or purchased during the reporting period.	-
37		B. Environmental Principles	If carbon pricing is applied in the company, details are disclosed.	Non-Compliant		Carbon pricing is not applied at Aksa Energy.	-
38		B. Environmental Principles	Explains all compulsory and voluntary platforms where it discloses its environmental information.	Total Compliance		Aksa Energy has regularly prepared Greenhouse Gas Emission Reports in order to monitor greenhouse gas emissions its current power plants portfolio since 2015. The information that these reports are submitted to the Ministry of Environment and Urbanization after approval is received from the independent verification firm authorized by the Ministry of Environment and Urbanization, is included in the sustainability and/or annual reports. Apart from this, there is no compulsory or voluntary platform where it discloses its environmental information.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
39	C. Social Principles	C1. Human Rights and Employee Rights	Constitutes a Corporate Human Rights and Employee Rights Policy, in which full compliance with the Universal Declaration of Human Rights, the ILO Conventions ratified by Türkiye, and the legal framework and legislation regulating working life in Türkiye is guaranteed. It publicly discloses the policy in question and the roles and responsibilities related to its implementation.	Total Compliance		Aksa Energy's Human Rights and Human Resources Policy are presented to the public on its corporate website.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/insan-haklari-politikasi/ https://www.aksaenerji.com.tr/tr/insan-kaynaklari/
40		C1. Human Rights and Employee Rights	Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Total Compliance		Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy on the corporate website.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/
41		C1. Human Rights and Employee Rights	Describes the measures taken in the value chain to protect the minority rights/equal opportunities of segments (low-income groups, women, etc.) sensitive to certain economic, environmental, social factors.	Total Compliance		Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/insan-haklari-politikasi/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
42		C1. Human Rights and Employee Rights	Reports the developments regarding preventive and corrective practices against discrimination, inequality, human rights violations and forced labor. Explains the regulations for not employing child labor.	Total Compliance		Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/insan-haklari-politikasi/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ra porlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

No	Principle Type	Principle Code	Principle Description	Compliance		Description	Related Link(S)
43	C. Social Principles	C1. Human Rights and Employee Rights	Explains its policies regarding investment in employees (training, development policies), compensation, recognized fringe benefits, the right to unionize, work/life balance solutions. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Total Compliance		Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy, Human Resources Policy and Ethical Principles on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/insan-haklari-politikasi/ https://www.aksainvestorrelations.com/tr/insan-kaynaklari/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/ etik-ilkeler/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
44		C1. Human Rights and Employee Rights	Constitutes occupational health and safety policies and discloses them to the public. Explains the precautions taken to prevent occupational accidents and to protect health, and accident statistics.	Total Compliance		Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy and OHS Policy on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/insan-haklari-politikasi/ https://www.aksainvestorrelations.com/media/7664/ isg-politikasi.pdf https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
45		C1. Human Rights and Employee Rights	Constitutes protection of personal data and data security policies, and discloses them to the public.	Total Compliance		Aksa Energy's Terms of Use and Privacy Policy, Information Safety, and Protection of Personal Data Policy are presented to the public on its corporate website. Information Safety Policy has been prepared within Kazancı Holding, the main partner of Aksa Energy, and it also includes Aksa Energy.	https://www.aksaenerji.com.tr/tr/bilgi-guvenligi/ https://www.aksaenerji.com.tr/tr/kullanım-kosullarive- gizlilik/ https://www.kazancholding.com.tr/BilgiGuvenligi.asp x https://www.kazancholding.com.tr/assets/Kazanci_H olding_2019_Yili_Faaliyet_Raporu.pdf
46		C1. Human Rights and Employee Rights	Constitutes an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Partial Compliance		Aksa Energy's Ethical Principles and Information Policy are presented to the public on its corporate website.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/ etik-ilkeler/ https://www.aksainvestorrelations.com/tr/ bilgilendirme-politikasi/
47		C1. Human Rights and Employee Rights	Activities regarding social investment, social responsibility, financial inclusion, access to financing are revealed.	Total Compliance		Information about Aksa Energy's social/corporate responsibility practices is shared in sustainability and/or annual reports on its corporate website.	https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksainvestorrelations.com/tr/surdurulebilirlik/kurumsal-sosyal-sorumluluk/kurumsal-sosyalsorumluluk/
48		C1. Human Rights and Employee Rights	Informative meetings and training programs on ESG policies and practices are delivered.	Total Compliance		Information regarding employee training organized by Aksa Energy on its ESG policies and practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/yillik-faaliyet- raporlari/
49		C1. Human Rights and Employee Rights	Conducts its activities in the field of sustainability by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, community and non-governmental organizations, etc.)	Total Compliance		Committed to making sustainability an integral part of its business operations and long-term strategic perspective, Aksa Energy prioritizes continuous communication with its stakeholders. Information on Aksa Energy's practices in this regard is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/yillik-faaliyet- raporlari/
50		C1. Human Rights and Employee Rights	Regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Partial Compliance		Aksa Energy receives and evaluates the wishes and complaints of all its stakeholders through the complaints mechanism and informs the relevant party appropriately. Information about communication channels is shared on the corporate website and sustainability and/or annual reports. Aksa Energy's Customer Satisfaction Policy, which is available on the Quality Policy corporate website, is not yet available.	https://www.aksainvestorrelations.com/media/7667/ kalite-politikasi.pdf https://www.aksainvestorrelations.com/tr/bize-yazin/ https://www.aksainvestorrelations.com/tr/genel-mudurluk/ https://www.aksainvestorrelations.com/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
51		C1. Human Rights and Employee Rights	It conducts stakeholder communication continuously and transparently. It explains with which stakeholders, for what purpose, on what issue and how often it communicates, and the developments in sustainability activities.	Partial Compliance		Committed to making sustainability an integral part of its business operations and long-term strategic perspective, Aksa Energy prioritizes continuous communication with its stakeholders. Information on Aksa Energy's practices in this regard is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/tr/yillik-faaliyet- raporlari/
52		C1. Human Rights and Employee Rights	It publicly discloses the international reporting standards [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.] adopted by the company.	Total Compliance		Aksa Energy has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016.	https://www.aksaenerji.com.tr/en/sustainability/reports/
53		C1. Human Rights and Employee Rights	It publicly discloses the international organization or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEPFI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) of which it is a signatory or member, and the international principles (such as the International Capital Markets Association (ICMA) Green/Sustainability Bond Principles) adopted by the company.	Total Compliance		Aksa Energy, which signed The Trillion Tonne Communiqué in 2015, has been a signatory of the United Nations Global Compact (UNGC) since 2017. Information on this subject is shared in sustainability and/or annual reports on its corporate website.	https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksainvestorrelations.com.tr/tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/ iklim-degisikligi-ve-enerji/
54		C1. Human Rights and Employee Rights	It makes concrete efforts to be included in the Borsa Istanbul Sustainability Index and international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.).	Total Compliance		The Company, which closely monitors sustainability platforms on a local and global scale, and voluntarily supports sustainable development in all areas, is included in the BIST Sustainability Index since 2015.	https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

No	Principle Type	Principle Code	Principle Description	Compliance		Description	Related Link(S)
55	D. Corporate Governance	D. Corporate Governance Principles	It makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-171.	Total Compliance		Aksa Energy shares information about its practices within the scope of Capital Markets Board Corporate Governance Communiqué numbered II-17.1 with sustainability and/or annual reports on its corporate website and Public Disclosure Platform.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksainvestorrelations.com/tr/kurumsalyonetim/kurumsal-yonetim-ilkelerine-uyum-raporu/
56		D. Corporate Governance Principles	It takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.	Total Compliance		Aksa Energy establishes its business model aligned with a vision that encompasses economic, social and environmental factors. Accordingly, the company evaluates its current business processes within the scope of sustainability and takes care to integrate the concept of sustainability into the focus of all its activities. Its sustainability approach in this regard is included in the sustainability and/or annual reports and on its corporate website.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
57		D. Corporate Governance Principles	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It applies to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Total Compliance		Information about Aksa Energy's practices on this subject is shared with sustainability and/or annual reports on its corporate website.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/bilgilendirme-politikasi/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
58		D. Corporate Governance Principles	Works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Total Compliance		Information about the activities carried out to raise awareness on the issue of sustainability and its importance through Aksa Energy's social responsibility projects, awareness activities and trainings, is disclosed in the sustainability and/or annual report, on its corporate website.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/ https://www.aksainvestorrelations.com/tr/surdurulebilirlik/kurumsal-sosyal-sorumluluk/kurumsal-sosyalsorumluluk/
59		D. Corporate Governance Principles	Strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Total Compliance		Information about the activities carried out to become a member of international standards and initiatives on sustainability and to contribute to studies, is disclosed in the sustainability and/or annual report, on its corporate website.	https://www.aksaenerji.com.tr/tr/surdurulebilirlik/surdurulebilirlik-yaklasimimiz/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/
60		D. Corporate Governance Principles	Explains the policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Total Compliance		Information about the policies and programs for the fight against bribery and corruption and the principle of tax integrity, is disclosed in the sustainability and/or annual report, on its corporate website.	https://www.aksainvestorrelations.com/tr/kurumsalyonetim/rusvet-ve-yolsuzlukla-mucadele/ https://www.aksaenerji.com.tr/tr/surdurulebilirlik/raporlar/ https://www.aksainvestorrelations.com/tr/yillikfaaliyet-raporlari/

BOARD OF DIRECTORS



CEMİL KAZANCI
Chairman and CEO

Cemil Kazancı began his professional career working in Kazancı Group companies (family owned company). His first managerial position was in generator manufacturing and sales. He subsequently played an active role in the formation of Aksa Energy, which was set up to expand the Group's operations in the energy industry and to generate electricity starting from 1997. In addition to his duties as the Chairman of the Board of Directors and CEO of Aksa Energy, he is the Vice Chairman and CEO of Kazancı Holding and a Member of the Board of Directors in Group companies.



NACİ AĞBAL
Vice Chairman

Naci Ağbal was born on January 1, 1968 in Bayburt. He graduated from Istanbul University, Faculty of Political Sciences, Department of Public Administration. Mr. Ağbal completed his master's degree in Business Administration General Business Management (MBA) Programme at the University of Exeter, UK. He served as Inspector, Deputy Chairman of the Inspection Board, and Head of Department at the General Directorate of Revenues at the Ministry of Finance. He took office as the General Director of Budget and Financial Control between 2006 and 2009 and as the Undersecretary of the Ministry of Finance between 2009 and 2015. Mr. Ağbal served as a member of the Board of Directors of TÜPRAŞ between 2004-2006, as a member of the Board of Directors of PETKİM A.Ş. in 2006, as a member of the Board of Directors of Turkish Airlines (THY) A.Ş. between 2006-2015, and as a member of the Board of Directors of Vakıf Katılım Bankası A.Ş. between 2018-2021. He was a member of the Council of Higher Education between 2008 and 2015 and then between 2018 and 2020. He was a member of the Board of Trustees of International Ahmed Yesevi University between 2008 and 2015 and a member of the Council of Turkish-Japanese Science and Technology University between 2019 and 2020. Mr. Ağbal, who served as an MP for the 25th and 26th terms in the Turkish Grand National Assembly, also was the Minister of Finance in the 64th and 65th Governments. Working as the Presidential Strategy and Budget Chairman between 2018 and 2020, Mr. Ağbal served as the Governor of the Central Bank between November 2020 and March 2021. Since July 2022, Naci Ağbal has been serving as Vice Chairman of the Board of Directors of Kazancı Holding and Vice Chairman of the Board of Directors of Aksa Energy.



SERDAR NİŞLİ
Vice Chairman

Serdar Nişli graduated from the Department of Mechanical Engineering, Middle East Technical University, earning Bachelor's and Master's degrees. Subsequently, he began his professional career at TEK Çayırhan Thermal Power Plant and worked in various private sector positions for 18 years prior to joining Kazancı Holding in 1996. Nişli, who previously served as Aksa Energy's General Manager, holds the Vice Chairman of the Board of Directors and Executive Board Member positions at Aksa Energy. Serdar Nişli also acts as the Head of Business Development Group at Kazancı Holding.



ÖMER MUZAFFER BAKTIR
Board Member

Ömer Muzaffer Baktır graduated from Istanbul Technical University, Department of Mining Engineering in 1986. He started his professional career at Pamukbank. He went on to serve in various management roles in the banking sector, including Assistant General Manager in charge of Credits and Marketing at Halkbank; CFO and Executive Board Member of Electricity Distribution Companies at Cengiz Holding; and Assistant General Manager in charge of Marketing and Transformation at Ziraat Bank. He took part in the supervisory and management boards of various foreign companies of the same institution. Mr. Baktır, who has been serving as the Vice Chairman of the Board of Directors of Kazancı Holding since February 5, 2018, also serves as the Executive Board Chairman at Aksa Jeneratör, Board Member at Aksa Energy, and Executive Board Member at Aksa Energy and Kazancı Holding.



KORKUT ÖZTÜRKMEN
Board Member

After his high school education at Robert College, Korkut Öztürkmen graduated from Boğaziçi University Mechanical Engineering and Industrial Engineering departments with a double degree. He worked at Koç Holding Strategic Planning and Energy Group as an executive responsible for business development and investments between 1996 and 2007 and took roles in the development, financing, and realization of several projects with international partnerships for production, distribution, and sales value chains in electricity, natural gas, and oil industries, including privatization tenders. Mr. Öztürkmen completed his Executive MBA program at Koç University in 2002 and led OMV Türkiye's structuring and market penetration in Türkiye as the company's Country Manager between 2007 and 2009. He contributed to OMV's global and regional growth strategy in particular by undertaking high-level responsibilities related to the Nabucco natural gas pipeline, wholesale trade of natural gas, natural gas storage, and generation and trade of electricity from natural gas and renewable resources. Between 2009 and 2018, he led the implementation of OMV's electricity trade strategy based on global assets, including the development and operation of the Samsun natural gas power plant project worth over EUR 600 million, as the Board Member and General Manager of OMV Türkiye Electricity Business Unit. Mr. Öztürkmen completed the "Power2Lead" high-level leadership program at Ashridge Business School in the UK in 2013. He also endeavors to support the healthy development of the Turkish energy industry through his role as the Vice President of the Electricity Producers Association. Mr. Öztürkmen served as "President of the Energy Group" at İC-İçtaş and Board Member at Energy Group companies between May 2019 and January 2021 and was appointed as Board Member and Vice Chairman of the Executive Committee at Aksa Energy in January 2021.



MURAT YEŞİLYURT
Independent Board Member

Murat Yeşilyurt received his Bachelor's degree from Istanbul University, Faculty of Economics, and completed his MBA at Istanbul Commerce University. He started his career in the banking sector in the Treasury departments and went on to work as a fund manager at finance companies. His role as an educator has come to the forefront, thanks to the experience he has gained in finance over the years. In addition, he has published opinion columns and articles in business magazines. He continues his professional life as an economy and strategy development consultant and trainer in the Turkish banking sector and the real sector. Mr. Yeşilyurt has a training book titled "Gold Banking in Türkiye & the World." Yeşilyurt has been serving as Independent Board Member at Aksa Energy since July 2019.



İLHAN HELVACI
Independent Board Member

İlhan Helvacı graduated from Galatasaray High School in 1983 and from Istanbul University, Faculty of Law in 1987. Helvacı received his Master's degree from Istanbul University, Social Sciences Institute, Department of Private Law in 1989; he started work as a Research Assistant at Istanbul University, Faculty of Law, Department of Civil Law in the same year. Having received the title of Doctor of Private Law from the same institute in 1997, Prof. Dr. İlhan Helvacı gave lessons as a visiting lecturer at Galatasaray University, Faculty of Law, Social Sciences Institute, and Koç University, Faculty of Law over the years, and carried out several seminars as a visiting lecturer at Oxford University, Faculty of Law. He currently acts as an arbitrator both at the Istanbul Chamber of Commerce and independently regarding disputes in his areas of expertise. Serving as Attorney-at-Law since 1991 under Istanbul Bar Association, Mr. Helvacı is also the Founder and Manager of Att. Prof. Dr. İlhan Helvacı Law Office. Prof. Dr. Helvacı has been serving as Independent Board Member at Aksa Energy since July 2019. He also acts as the Vice President of the Court of Arbitration at the Istanbul Chamber of Commerce, Arbitration and Mediation Center.



HALİT HAYDAR YILDIZ
Independent Board Member

Halit Haydar Yıldız graduated from Marmara University, Faculty of Business Administration in 1984, and received his Master's degree in Business Financing and Business Management from Istanbul University. Starting his career as a Dealer at İktisat Bank in 1987, Mr. Yıldız worked in several positions at Pamukbank between 1987 and 2003 and finally acted as the Head of the Retail Loans and Operations Department. He took office as the Assistant General Manager of Retail Loans at Akbank between 2003 and 2008 and was appointed as General Manager after his role as the Assistant General Manager of Retail Banking at Şekerbank between 2009 and 2020. Mr. Yıldız was a Board Member at the same bank between March 2016 and May 2020. He still serves as a Board Member and Executive Board Member at the Turkish Finance Executives Foundation and various companies. Mr. Yıldız was appointed as an Independent Board Member at Aksa Energy in June 2021.

SENIOR MANAGEMENT



CEMİL KAZANCI

Chairman and CEO

Please refer to page 86 for resume information.



CEVDET YALÇIN

Vice President, Chief Financial Officer (CFO)

Aksa Energy Executive Board Member

Cevdet Yalçın graduated from Celal Bayar University, Business Administration Department, and then completed a certificate program at New York Long Island University. Having started his career as Corporate Marketing Specialist at Bank Pozitif Kredi ve Kalkınma Bankası A.Ş. in 2008, Mr. Yalçın served as Senior Auditor at Deloitte & Touche between 2010 and 2013, and Audit Manager at Ernst & Young between 2013 and 2017. He received the title of Certified Public Accountant (CPA). He worked as Senior Financial Affairs Manager at Assan Alüminyum A.Ş. in 2018 and as Financial Affairs Director at Aksa Energy between January 2019 and December 2021. Appointed as acting CFO in January 2022, Mr. Yalçın has been serving as CFO since January 2023. He has been serving as a member of the Aksa Energy Executive Board since January 2023.



SONER YILDIZ

Vice President, Chief Operating Officer (COO)

Aksa Energy Executive Board Member

Soner Yıldız graduated with a bachelor's degree in Mechanical Engineering from Yıldız Technical University and earned his MBA from Yeditepe University. He started his professional career as a Mechanical Engineer at Çolakoğlu Metalurji A.Ş. in 1998 and served as Chief of Maintenance in the same organization between 2000 and 2004. He then worked as Chief Mechanical Engineer at ENKA; Senior Business Development Engineer at E.ON Holding; Operations and Maintenance Senior Manager at RWE Türkiye; Thermal Power Plant Senior Manager at Vito A.Ş. and Business Development Senior Manager at Acwa Power. Mr. Yıldız who was assigned as COO responsible for all operations and investments at Enda Enerji Holding in 2016, was appointed as Chief Operating Officer (COO) responsible for investments and operations at Aksa Energy in October 2018. He has also been serving as a member of the Aksa Energy Executive Board since January 2023.



MURAT KIRAZLI

Vice President, CEO of Aksa Electricity Sales and Energy Trading

Murat Kırazlı graduated from Middle East Technical University (METU), Department of Electrical and Electronic Engineering, and earned his Master's degree in Finance at Bilkent University. He started his professional career as Founding Partner at CCM Ltd. Şti., and then worked as an Energy Industry Senior Consultant at Deloitte and as Energy Trade Director at Espe Enerji San. ve Tic. A.Ş. subsequently, he served as Energy Trade Director at Limak Energy Group. In September 2014, Mr. Kırazlı joined Aksa Energy as Energy Trade Director and was later appointed as Vice President responsible for Energy Trade and Sales. Murat Kırazlı is also the General Manager of Retail Sales Companies and an Executive Board Member at Aksa Energy.



ABİDİN VOLKAN KARAÇALI

Chief Strategy Officer (CSO)

Aksa Energy Executive Board Member

Abidin Volkan Karaçalı graduated from Dokuz Eylül University, Department of Economics, and received his master's degree in Corporate Management from the University of Geneva in Switzerland. Starting his professional career as an Export Sales Specialist at Vestel in 2006, Abidin Volkan Karaçalı worked as Senior Sales Specialist, Regional Sales Manager, and Vice President of Sales and Marketing Responsible for Non-European Countries, respectively. In November 2020, he joined Aksa Jeneratör A.Ş. as General Manager of Marketing, responsible for domestic and overseas marketing and business development activities. In September 2022, he joined Aksa Energy as the Chief Strategy Officer. In this context, he manages strategy, business, and project development activities globally. Since January 2023, he has been serving as an Executive Board Member at Aksa Energy.

SENIOR MANAGEMENT



MURAT ÇAPTUĞ

West Africa Coordination Director

Murat Çaptuğ graduated from Kocaeli University, Mechanical Engineering Department. He joined Aksa Energy as Project Engineer at Samsun Fuel Power Plant in June 2002. Subsequently, Çaptuğ worked as Northern Cyprus Fuel Oil Power Plant Manager between 2003 - 2015 and Ghana Country Manager between 2015 - 2016. In September 2017, he was appointed as West Africa Power Plants Coordinator. Murat Çaptuğ has been serving as West Africa Coordination Director at Aksa Energy since July 2019.



SELİM DÖNMEZ

Investment Development Director

Selim Dönmez graduated from Middle East Technical University, Department of Mechanical Engineering. Starting his career as Project Manager at Aksa Energy in 2000, Mr. Dönmez worked as Project Development Manager at OMV Samsun Elektrik Üretim San. ve Tic. A.Ş. between 2008 and 2014, Energy Investments Manager at Artaş Endüstriyel Tesisler Taahhüt ve Tic. A.Ş. between 2015 and 2017, and finally Assistant Department General Manager at Sumitomo Corporation Dış Tic. A.Ş. between 2019 and 2021. Selim Dönmez was appointed as Investment Development Director at Aksa Energy in November 2021.

ASSESSMENT OF THE BOARD OF DIRECTORS

RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

Aksa Energy's Board of Directors is responsible for determining and monitoring the overall risk management framework of the Company. The Board of Directors formed the Early Detection of Risk Committee to oversee the development and monitoring of the Company's risk management policies.

Aksa Energy pursues an effective risk management policy to prevent and mitigate all risks. Aksa Energy's risk management philosophy is based on the core principles of protecting asset value, ensuring operational safety and pursuing sustainability.

Risk management policies at the Company are designed to identify and analyze potential risks; determine suitable risk limits; establish controls; monitor risks as well as the correlation between risks and risk limits. Risk management policies and systems are regularly reviewed in order to reflect changes in the Company's activities and evolving market conditions. By administering training and adhering to management standards and procedures, Aksa Energy aims to develop a disciplined and productive control environment where all employees understand their respective roles and responsibilities.

Financial risks faced by the Company are managed in a centralized fashion. Aksa Energy's financial risks and opportunities are effectively managed via policy revisions when deemed necessary. Hedging instruments are purchased when appropriate, in line with policies determined by upper management to minimize risk exposure.

The Early Detection of Risk Committee convenes six times a year and carries out efforts to identify risks and take due measures. The Committee executes activities to identify and implement the necessary measures regarding potential risks, manage these within the framework of the risk management system, and report the results to the Board of Directors.

Operating in an investment-intensive sector, the Company finances its investments through bank loans. Therefore, liquidity, currency and interest rate risk positions and market developments are monitored regularly.

The Company continues analyzing and prioritizing market risks, using methodologies in compliance with its strategic objectives, in order to reach its operational and financial profitability targets.

Considering subsidiaries that use foreign currency as their functional currency, the Company has no foreign exchange positions thanks to its strategy to invest in overseas projects that generate EBITDA in foreign currency. The power plants in the Turkish Republic of Northern Cyprus (153 MW), Ghana (370 MW), Mali (60 MW), Madagascar (66 MW), Uzbekistan (740 MW), and Kongo (25 MW) carry out guaranteed electricity sales in USD and Euro.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT PRACTICES

Internal audit is defined as an independent evaluation function established within the company to examine and evaluate the activities of that company as a service for the company. The purpose of the Internal Audit Unit is to conduct audits, investigations, and inspections in holding companies based on the authorization granted by the Board of Directors to ensure the continuity and institutionalization of the Company, protect its rights and interests, and develop recommendations against internal and external risks.

Aksa Energy has an Internal Audit Unit that performs risk-based assessments in order to evaluate and develop the control and governance processes of the Company. Internal Audit Unit reports its activities to the Board Member responsible for Internal Audit. Audits are conducted relating to the reliability of the financial reporting system; compliance of the Company's investments and operations with legal requirements and in-house regulations; effectiveness and efficiency of its operations; and the security and reliability of IT systems. To this end, centralized internal audits, as well as some power plant on-site audits, were carried out in 2022.

As a result of these audits, the effectiveness of the risk management, internal control and governance processes were deemed satisfactory. Furthermore, necessary action recommendations have been presented to the Management and it was meticulously

monitored whether these actions were implemented in a timely fashion or not.

ASSESSMENT OF THE BOARD OF DIRECTORS ON FINANCIAL AND OPERATIONAL RESULTS

A comparison of our Company's end-2022 and end-2021 financial results shows that our profitability has been positively affected by the reduced financial expenses and by overseas power plants, which carry out guaranteed electricity sales in foreign currency. The turnover in 2022 reached TRY 45,638 billion increasing by 229% compared to the previous year-end. Thanks to the effective portfolio and financial management and the positive contributions of overseas power plants, the consolidated net profit was approximately TRY 4,885 billion in 2022 with an increase of 166% compared to the previous year. In addition, gross profitability increased by 162% to approximately TRY 5,448 billion and operating profit before financing by 160% to approximately TRY 5,317 billion.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMMITTEES

Within the scope of Corporate Governance Principle 4.5 of Capital Markets Board Corporate Governance Communiqué II-171; the Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee carry out their activities under the Board of Directors. Moreover, according to Aksa Energy's Board Decision dated January 13, 2021, the "Executive Committee" was established to advise the Board of Directors while taking administrative decisions for reaching Aksa Energy's strategic goals.

The Audit Committee convenes at least four times a year, to be at least once every three months, the Corporate Governance Committee twice a year, the Early Detection of Risk Committee six times a year, and the Executive Committee at least once a month.

The Committees closely examined and discussed key issues such as audit, corporate governance, risks, and strategies, and presented recommendations on these to the Board of Directors.

For detailed information on the committees and their working principles, please visit: www.aksainvestorrelations.com

COMMITTEES AND POLICIES

AUDIT COMMITTEE

The Audit Committee was established to oversee the operation of the Company's accounting and reporting systems in line with applicable laws, rules, and regulations, the public disclosure of financial information, and the supervision of the functioning and effectiveness of the independent audit and internal control systems.

The Committee notifies the Board of Directors in writing of its evaluations on the factuality and accuracy of the annual and interim financial statements and their compliance with the Company's accounting principles, taking into account the opinions of the Company's management and independent auditors.

- The Committee's responsibilities include:
- Conducting assessments for the selection of the independent audit company, making a recommendation and presentation to the Board of Directors;
 - Evaluating compliance of financial statements and their footnotes to be disclosed to the public with legal and regulatory requirements and international reporting standards;
 - Monitoring the operation and effectiveness of the Company's accounting system, public announcement of financial information, independent audit, and the internal control system;
 - Examining and finalizing complaints related to the Company's accounting, internal control system, and independent audit.

The Audit Committee consists of at least two members who are elected from among Independent Board Members. The Audit Committee consists of Independent Board Members Halit Haydar Yıldız and Murat Yeşilyurt. The Committee is chaired by Halit Haydar Yıldız.

The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. When deemed necessary, the managers, internal and independent auditors are also invited to the meeting to provide information. The Committee may also decide to receive consultancy services from third parties outside of the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly if deemed necessary.

In meetings held during 2022, the Audit Committee received information about periodically conducted audit activities, decided whether to expand or narrow the scope of audit activities, and made resolutions on amendments to the annual plan. The Committee also provided support to the Board of Directors during the selection of the independent audit firm.

CORPORATE GOVERNANCE COMMITTEE

- The Corporate Governance Committee;
- Determines whether the corporate governance principles are implemented in the company; if not, determines the rationale and conflicts of interest emerging due to failure in completely complying with these principles,
 - Makes recommendations to the Board of Directors to improve corporate management practices, and
 - Supervises the works of the investor relations department.

The Corporate Governance Committee convenes at least twice a year to fulfill these tasks. In 2022, the Committee oversaw the Company's compliance with the Corporate Governance Principles outlined in the Communiqué on the Determination and Implementation of the Corporate Governance Principles; investigated the reasons (if any) for non-compliance with certain principles; identified the incompatibilities resulting from incomplete compliance; took remedial measures.

The duties of the Nomination Committee and the Remuneration Committee are also performed by the Corporate Governance Committee. The Committee supports the Board of Directors with respect to the determination and evaluation of the appropriate candidates for Board membership and managerial positions with executive functions.

The Corporate Governance Committee consists of the Independent Board Members Halit Haydar Yıldız and Murat Yeşilyurt. Murat Yeşilyurt chairs the committee.

EARLY DETECTION OF RISK COMMITTEE

The Early Detection of Risk Committee, which reports to the Board of Directors, is responsible for determining at an early stage all the operational, strategic, financial, and compliance risks that may jeopardize the Company's existence, development, and continuity; taking the necessary measures concerning the risks thus identified; developing the necessary policies to execute the risk management processes; managing and reporting risks in accordance with the Company's risk-taking profile.

The Committee is established and authorized by the Board of Directors in accordance with the Company's Articles of Association and applicable legislation. The Committee, which convenes at least six times a year, evaluates the situation in its reports to the Board of Directors, points out any threats, and recommends solutions.

The Early Detection of Risk Committee consists of Independent Board Members Halit Haydar Yıldız and İlhan Helvacı. The Committee is chaired by Halit Haydar Yıldız.

EXECUTIVE COMMITTEE

According to Aksa Energy's Board Decision dated January 13, 2021, it was agreed to establish the "Executive Committee" to advise the Board of Directors while taking administrative decisions for reaching Aksa Energy's strategic goals. The main purposes of the Executive Committee, which convenes at least once a month, are to follow and assess the impacts of economic, social, and political developments in the industry in which the Company operates, and to determine strategies that increase competitive power.

Members of the Executive Committee have been appointed as:
Chairman of the Executive Committee - Mr. Şaban Cemil Kazancı
Vice Chairman of the Executive Committee - Mr. Korkut Öztürkmen
Vice Chairman of the Executive Committee - Mr. Ahmet Serdar Nişli
Executive Committee Member - Mr. Cevdet Yalçın
Executive Committee Member - Mr. Soner Yıldız
Executive Committee Member - Mr. Abidin Volkan Karaçalı

POLICIES AND CODE OF ETHICS

For detailed information on the policies and principles below, please visit the Corporate Governance page under <http://www.aksainvestorrelations.com>

Public Disclosure Policy	http://www.aksainvestorrelations.com/tr/kurumsal-yonetim/bilgilendirme-politikasi/
Donation and Aid Policy	http://www.aksainvestorrelations.com/tr/kurumsal-yonetim/bagis-ve-yardim-politikasi/
Remuneration Policy	http://www.aksainvestorrelations.com/tr/kurumsal-yonetim/ucretlendirme-politikasi/
Combating Bribery and Corruption Policy	https://www.aksainvestorrelations.com/en/corporate-governance/combating-bribery-and-corruption-policy/
Dividend Distribution Policy	http://www.aksainvestorrelations.com/tr/kurumsal-yonetim/kar-dagitim-politikasi/
Human Rights Policy	http://www.aksainvestorrelations.com/tr/kurumsal-yonetim/insan-haklari-politikasi/
Code of Ethics	https://www.aksainvestorrelations.com/en/corporate-governance/ethical-principles
Sustainability Policies	https://www.aksainvestorrelations.com/tr/surdurulebilirlik/politikalarimiz/
Human Resources Policy	https://www.aksaenerji.com.tr/en/human-resources/
Policy on the Protection and Processing of Personal Data	https://www.aksaenerji.com.tr/tr/kisisel-verilerin-korunmasi/

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Aksa Energy strives to comply with “Corporate Governance Principles” set by the Capital Markets Board (“CMB”). Investor Relations Department, responsible for internalization and development of Corporate Governance practices within the Company continues its activities within the framework of Capital Markets Law, Turkish Commercial Code (TCC), the Company’s Articles of Association and the CMB Corporate Governance Principles in the fields of public disclosure and transparency, relations with shareholders and stakeholders.

In 2021, in terms of the implementation of Corporate Governance Principles, Aksa Energy was included in the second group according to the classification of CMB considering the systemic importance of the companies based on their market values and float shares. On the other hand, it rose from the second group to the first group in 2022, within the scope of bulletin no. 2022/2 published by CMB on January 13, 2022. As of 2022, the Company complies with all the mandatory Corporate Governance Principles.

On the other hand, the Corporate Governance Principles, which are not mandatory and have not yet been implemented/partially implemented within the Company, have not caused any conflict of interest so far. The principles that have not yet been implemented/partially implemented within this scope are listed below:

- Although minority rights are not defined in the Articles of Association for shareholders’ holding less than one-twentieth of the company’s capital; as per Article 18 of the Articles of Association, the provisions of the Turkish Commercial Code and Capital Markets Law apply to any matters regarding minority rights that are not governed therein.
- With the decision numbered 435 and dated 25.07.2019, the Board of Directors appointed Cemil Kazancı, Chairman of the Board of Directors of Aksa Energy to the position of CEO vacated by Aksa Energy at the end of 2018, in order to increase competitive power in the sector and accelerate growth.
- Remuneration of the Members of the Board of Directors and executives with administrative responsibilities is disclosed in the annual report, not on an individual basis but collectively.
- The Board of Directors evaluates its performance verbally at the end of the year, and a systematic approach has not yet been adopted. It is expected that performance criteria will be determined in the medium-long term.
- As there are three Independent Members of the Board of Directors pursuant to the Articles of Association of our company, the members of the Board of Directors are included in more than one committee.
- There are no limitations on the external duties held by the Members of the Board of Directors. However, it is ensured that they spare sufficient time for their internal duties. Shareholders are informed of board members’ external commitments at the general assembly meeting.
- There is not a policy regarding Woman Board Members.
- There is Directors & Officers Liability Insurance. However, the insurance amount does not exceed 25% of the paid capital.
- Job descriptions and performance criteria have been applied to executive or higher-level positions and yet the lower-level positions are still in progress.
- Employees are informed of the decisions regarding internal communication processes that may affect them. However, since employees are not affiliated with any unions, their opinions are not solicited.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN 2022

There were no amendments to the Articles of Association in 2022.

STATEMENTS OF INDEPENDENCE

Aksa Enerji Üretim A.Ş. I declare myself as a candidate to serve as an “Independent Member” in the Board of Directors of Aksa Enerji Üretim A.Ş. as per the criteria set forth in the relevant legislation, Articles of Association, and the Corporate Governance Principles announced by the Capital Markets Board, and hereby state that:

- a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the Company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,
- c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,
- d) I do not hold a full-time position in any public company or institution,
- e) I am a resident of Türkiye, in accordance with Income Tax Act No. 193, dated 31.12.1960,
- f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the company's activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,
- g) I will make sufficient time for keeping track of the Company’s activities and for fully performing my duties on behalf of the company,
- h) Over the last ten years, I did not serve as a member of the Board of Directors of the Company for more than six years,
- i) I did not serve as an Independent Board Member in more than three of the companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded on the stock exchange.

Respectfully,



PROF. DR. İLHAN HELVACI

STATEMENTS OF INDEPENDENCE

Aksa Enerji Üretim A.Ş. I declare myself as a candidate to serve as an “Independent Member” in the Board of Directors of Aksa Enerji Üretim A.Ş. as per the criteria set forth in the relevant legislation, Articles of Association, and the Corporate Governance Principles announced by the Capital Markets Board, and hereby state that:

- a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the Company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,
- c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,
- d) I do not hold a full-time position in any public company or institution,
- e) I am a resident of Türkiye, in accordance with Income Tax Act No. 193, dated 31.12.1960,
- f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the company's activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,
- g) I will make sufficient time for keeping track of the Company’s activities and for fully performing my duties on behalf of the company,
- h) Over the last ten years, I did not serve as a member of the Board of Directors of the Company for more than six years,
- i) I did not serve as an Independent Board Member in more than three of the companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded on the stock exchange.

Respectfully,

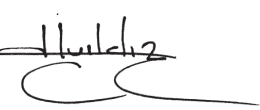


MURAT YEŞİLYURT

Aksa Enerji Üretim A.Ş. I declare myself as a candidate to serve as an “Independent Member” in the Board of Directors of Aksa Enerji Üretim A.Ş. as per the criteria set forth in the relevant legislation, Articles of Association, and the Corporate Governance Principles announced by the Capital Markets Board, and hereby state that:

- a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the Company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,
- c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,
- d) I do not hold a full-time position in any public company or institution,
- e) I am a resident of Türkiye, in accordance with Income Tax Act No. 193, dated 31.12.1960,
- f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the company's activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,
- g) I will make sufficient time for keeping track of the Company’s activities and for fully performing my duties on behalf of the company,
- h) Over the last ten years, I did not serve as a member of the Board of Directors of the Company for more than six years,
- i) I did not serve as an Independent Board Member in more than three of the companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded on the stock exchange.

Respectfully,



HALİT HAYDAR YILDIZ

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD’S COMMUNIQUE NO. II-14.1. ON PRINCIPLES OF FINANCIAL REPORTING IN THE CAPITAL MARKET

DECISION OF THE BOARD REGARDING THE ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

DECISION DATE:

DECISION NO:

We present for your information that the accompanying “Consolidated Statement of Financial Position,” “Consolidated Statement of Profit or Loss,” “Consolidated Statement of Other Comprehensive Income,” “Consolidated Cash Flow Statement,” “Consolidated Statement of Changes in Equity,” and “Annual Report of the Board of Directors” (“Financial Reports”), “Corporate Governance Information Form” and “Corporate Governance Compliance Report” for 01.01.2022-31.12.2022 accounting period, all of which, together with their footnotes, were prepared by our company and subjected to a limited-scope audit by the independent auditing firm DRT Bağımsız Denetim SMMM A.Ş. (a member firm of Deloitte Touche Tohmatsu Limited), and conform to Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and to CMB-specified formats as required by Capital Markets Board Communique no. II-14.1 on Principles of Financial Reporting in the Capital Market (“Communique”). We hereby declare that these Financial Reports

- Were reviewed by us in line with the CMB regulations,
- That they do not cover any misstatements on important issues or any incomplete information that may be misleading as of the statement date, within the framework of the information we have in our areas of responsibility and assignment at the Company,
- Within the framework of information available to us as per our duties and responsibilities at the Company, they honestly reflect the true picture of the Company’s assets, liabilities, financial position, and profit or loss, including those of entities whose financial reports conform to the Communique and are subject to consolidation and that the annual report honestly reflects the conduct and performance of the business as well as the financial position of and the material risks and uncertainties faced by the Company along with any entities subject to consolidation with it.

We hereby acknowledge our responsibility for the foregoing statements.

ŞABAN CEMİL KAZANCI
Chairman of the Board

HALİT HAYDAR YILDIZ
Board Member (Independent)

MURAT YEŞİLYURT
Board Member (Independent)

ANNUAL AFFILIATION REPORT

AKSA ENERJİ ÜRETİM A.Ş. AND SUBSIDIARIES' ANNUAL AFFILIATION REPORT FOR THE PERIOD 01.01.2022 - 31.12.2022

1. GENERAL INFORMATION

Term of Report : 01.01.2022 – 31.12.2022
Commercial Title : Aksa Enerji Üretim A.Ş. and Subsidiaries
Trade Registry No. : 366771
Head Office Address : Rüzgarlıbahçe Mahallesi Özalp Çıkmazı, No: 10, Kavacık, Beykoz, İstanbul/Türkiye

Branch Addresses of Aksa Energy and its Subsidiaries are as follows:

Branch/Plant	Company	Address
Northern Cyprus	Aksa Enerji Üretim A.Ş.Y.	Kalecik Köyü, Yeni İskele, G. Magusa, TRNC
Bolu-Göynük	Aksa Göynük Enerji Üretim A.Ş.	Himmetoğlu Köyü Göynük/Bolu
Antalya	Aksa Enerji Üretim A.Ş.	Ali Metin Kazancı Enerji San. Antalya Burdur Karayolu 30. km Selimiye (Karadon) Köyü Antalya
Manisa	Aksa Enerji Üretim A.Ş.	Gürle Köyü Yolu Üzeri, Emlakdere Mevkii 45000 Manisa
Urfa	Rasa Enerji Üretim A.Ş.	Organize Sanayi 2 Bölge Koçören Köyü Muhtarlığı bitişiği Urfa - Antep Karayolu 16 km. Şanlıurfa
Ghana	Aksa Energy Company Ghana Limited	Heavy Industrial Area Plot No.2/8/9 Tema Ghana
Mali	Aksa Mali S.A.	Kati (Mali) Centrale Thermique de Sirakoro Meguetana Boite Postale 1597 / Mali
Madagascar	Aksaf Power Limited Madagascar	Ambohimangakely District Antananarivo Avadrano Madagascar
Uzbekistan-Tashkent	Aksa Energy Tashkent	Kibray Tumani, Salar Ahillik MFY, Kamoliddin Behzod, Tashkent
Uzbekistan-Bukhara	Aksa Energy Bukhara	Region, Bukhara District, Rabotiqalmoq, Arabkhona MFY, Bukhara
Republic of the Congo	Aksa Energy Congo	Pointe-Noire, Djeno District on the border road. Congo

CONTACT DETAILS

Phone: +90 216 681 00 00

Fax: +90 216 681 57 84

Website: <https://www.aksaenerji.com.tr/en>

A. ORGANIZATION, CAPITAL AND SHAREHOLDER STRUCTURE OF THE COMPANY

- The Company’s registered capital is TRY 1,226,338,236 as of 31.12.2022.
- The Company’s Shareholder Structure as of 31.12.2022 is as follows.

Name-Surname/Title of Shareholder	Share (%)
Kazancı Holding A.Ş.	79.415
Free Float ⁽¹⁾	20.582
Other	0.003

⁽¹⁾ The shares acquired by Kazancı Holding in 2012, 2013 and 2018 from the publicly traded shares are shown in Kazancı Holding shares in the table above. As of 31 December 2022, these shares are 9,917,924 (31 December 2021: 9,917,924).

ANNUAL AFFILIATION REPORT

B. THE GOVERNING BODY OF THE COMPANY, EXECUTIVES AND STAFF INFORMATION

The Governing Body of the Company: The Company's Board of Directors consists of 8 members; details of the members are as follows.

Members of the Board of Directors	Members' Name - Last Name
Chairman of the Board of Directors and CEO	Şaban Cemil Kazancı
Vice Chairman	Naci Ağbal ^(*)
Vice Chairman	Ahmet Serdar Nişli
Board Member	Ömer Muzaffer Baktır
Board Member	Korkut Öztürkmen
Independent Board Member	Halit Haydar Yıldız
Independent Board Member	Murat Yeşilyurt
Independent Board Member	İlhan Helvacı

^(*) Mr. Naci Ağbal was appointed as the Vice Chairman of the Board of Directors at the 2021 Ordinary General Assembly Meeting dated 19.07.2022.

Executives:

Title	Name-Surname
Chairman and CEO	Şaban Cemil Kazancı
Vice President, CEO of Aksa Energy Trading and Sales	Murat Kirazlı
Vice President, Chief Financial Officer (CFO)	Cevdet Yalçın
Vice President, Chief Operating Officer (COO)	Soner Yıldız
Vice President, Chief Strategy Officer (CSO)	Abidin Volkan Karaçalı
West Africa Coordination Director	Murat Çaptuğ
Investment Development Director	Selim Dönmez

Number of Employees: The Company has 1,234 employees in the 2022 accounting period.

C. THE COMPANY'S SUMMARY FINANCIAL STATEMENTS FOR 2022

The Company posted after-tax profit of TRY 4,885,052,041 in the period 01.01. - 31.12.2022, and as of 31.12.2022, its total assets amounted to TRY 33,232,507,406 and shareholders' equity amounted to TRY 18,958,563,471.

2. INFORMATION ON THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

A. Information on the Parent Company

Term of Report:	01.01.2022 - 31.12.2022
Commercial Title:	Kazancı Holding A.Ş.
Head Office Address:	Rüzgarlıbahçe Mahallesi Özalp Çıkmaızı, No: 10, Kavacık, Beykoz, İstanbul/Türkiye

B. Information on the Subsidiaries of Parent Company

Transactions with other companies of the parent company in the 01.01.-31.12.2022 accounting period are described in section 3.b.

3. INFORMATION ON TRANSACTIONS WITH THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

a) TRANSACTIONS WITH THE PARENT COMPANY

In the 01.01.-31.12.2022 accounting period, there were Holding Joint Units Management Support Expense amounting to TRY 51,650,459, maturity term difference income amounting to TRY 29, and maturity term difference expense amounting to TRY 513,821 from Kazancı Holding A.Ş.

i. Products Sold to or Purchased from the Parent Company

In the 01.01.-31.12.2022 accounting period, no products were sold to or purchased from the parent company.

ii. Services Sold to or Purchased from the Parent Company

In the 01.01.- 31.12.2022 accounting period, there were Holding Joint Units Management Support Expense amounting to TRY 51,650,459, maturity term difference income amounting to TRY 29, and maturity term difference expense amounting to TRY 513,821 from Kazancı Holding A.Ş.

i. Methods Used in Transactions with the Parent Company

In the 01.01. - 31.12.2022 accounting period, the comparable price method was used for transactions with the parent company.

ii. Calculations Used to Determine the Price and Profit Margin and Assumptions Made in Transactions with the Parent Company

Transactions with the controlling company in the accounting period 01.01–31.12.2022 consist of SAP system maintenance, interest income and expense.

b) TRANSACTIONS WITH THE SUBSIDIARIES OF THE PARENT COMPANY

In the 01.01.-31.12.2022 accounting period, the transactions with the other subsidiaries of Kazancı Holding A.Ş. are summarized below:

i) Transactions with related parties:

	Electricity Sales	Electricity Purchase	Natural Gas Purchase	Interest Income	Interest Expenses	Rent Expenses	General Administration Expenses	Reflection of Common Expenses	Material Purchases	Material Sales	Other (Expenses)/ Incomes, Net
Aksa Ankara Makina Sat. ve Servis A.Ş.	0	0	0	0	0	0	0	0	0	0	-94,084
Aksa Doğal Gaz Toptan Satış A.Ş.	0	0	0	3,053,162	10,221,077	0	0	0	0	0	0
Çoruh Elektrik Perakende Satış A.Ş.	43,489	0	0	0	0	0	0	0	0	0	0
Aksa Elektrik Satış A.Ş.	10,792,271,324	4,086,994,626	0	196,356,290	4,272,120	0	0	0	0	0	0
Aksa Jeneratör Sanayi A.Ş.	0	0	0	1,377,659	125,940	2,225,676	1,465,208	0	2,362,846	0	-757,686
Aksa Satış ve Pazarlama A.Ş.	0	0	0	0	1,144,426	0	0	0	0	0	0
Aksa Satış ve Pazarlama A.Ş.-Antalya Branch	0	0	0	0	17,253	0	573,922	0	0	0	0
Aksa Servis ve Kiralama A.Ş.	340	0	0	0	45,570	0	0	0	20,668,602	0	-1,510,235
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	0	0	465,401,247	0	5,382,624	0	0	0	0	0	0
Aksa Turizm İşletmeleri	0	0	0	0	2,266	0	225,729	0	0	0	0
ATK Sigorta Aracılık Hizmetleri A.Ş.	0	0	0	0	0	0	6,067,120	0	0	0	0
Çoruh Elektrik Dağıtım A.Ş.	0	0	0	9,196	1,974	0	0	0	0	0	0
Çoruh Elektrik Perakende Satış A.Ş.	292,602,590	35,626,135	0	12,167,666	1,121,375	0	0	0	0	0	0
Fırat Elektrik Dağıtım A.Ş.	0	0	0	0	41,272	0	0	0	0	0	0
Fırat Elektrik Perakende Satış A.Ş.	447,770,963	105,171,945	0	47,326,248	0	0	0	0	0	0	0
Flamingo Biyokıt Üretim Sanayi A.Ş.	0	0	0	91,941	0	0	0	0	0	0	0
Kazancı Holding A.Ş.	0	0	0	29	513,821	0	167,994	51,650,459	0	50,695	0
Koni İnşaat Sanayi A.Ş.	0	0	0	6,749,948	57,386	12,198,272	0	0	0	0	0
Koni Teknik Mühendislik A.Ş.	0	0	0	55,743	0	0	30,815	0	0	77,564	0
Özcan Turizm ve Seyahat A.Ş.	0	0	0	0	0	0	0	0	0	0	0
Renk Transmisyon Sanayi A.Ş.	0	0	0	0	1,482	0	0	0	0	0	0
	11,532,688,706	4,227,792,706	465,401,247	267,187,882	22,948,586	14,423,948	8,530,788	51,650,459	23,031,448	128,259	-2,362,005

ANNUAL AFFILIATION REPORT

4. LEGAL TRANSACTIONS WITH THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

a) Legal Transactions to which the Parent Company is a Party

None

b) Legal Transactions to which Another Subsidiary of the Parent Company is a Party

In the 01.01.-31.12.2022 accounting period, there are no legal transactions that another subsidiary of the parent company is a party.

c) Legal Transactions with the Parent Company's Routing

In the 01.01.-31.12.2022 accounting period, there were no legal transactions with the parent company's routing.

d) Legal Transactions Carried Out for the Benefit of the Parent Company or Its Subsidiary

In the 01.01.-31.12.2022 accounting period, there were no legal transactions carried out for the benefit of the parent company or its subsidiary.

5. MEASURES TAKEN REGARDING TRANSACTIONS WITH THE PARENT COMPANY AND ITS SUBSIDIARIES

a) Measures Taken for the Benefit of the Parent Company

In the 01.01.-31.12.2022 accounting period, there were no transactions made for the benefit of the parent company.

b) Measures Avoided to be Taken for the Benefit of the Parent Company

In the 01.01.-31.12.2022 accounting period, there were no measures avoided to be taken for the benefit of the parent company.

c) Measures Taken for the Benefit of Another Subsidiary of the Parent Company

In the 01.01.-31.12.2022 accounting period, there were no transactions made with another subsidiary of the parent company.

d) Measures Avoided to be Taken for the Benefit of Another Subsidiary of the Parent Company

In the 01.01.-31.12.2022 accounting period, there were no transactions made with another subsidiary of the parent company.

e) Has the Company suffered a loss as a result of transactions made with the parent company and other subsidiaries?

In the 01.01.-31.12.2022 accounting period, there were Holding Joint Units Management Support Expense amounting to TRY 51,650,459, maturity term difference income amounting to TRY 29, and maturity term difference expense amounting to TRY 513,821 from Kazancı Holding A.Ş.

f) If the Company has suffered a loss, whether the loss was balanced, and if it was, what are the methods used in the realization of equalization and balancing activities during the year?

In the 01.01.2021-31.12.2021 accounting period, there was no loss as a result of services purchased from the parent company Kazancı Holding A.Ş.

6. OTHER ISSUES

There is no other issue to be added.

7. CONCLUSION

It was concluded that in each and every transaction that Aksa Energy executed with its controlling shareholders and the subsidiaries of its controlling shareholders in 2022, based on the situation and conditions known to us at the time the transaction was executed or the measure was taken or the measure was refrained from being taken, the Company had a commensurate gain in return and there was no measure taken or refrained from being taken that will lead to losses for the Company and, accordingly, there were no transactions or measures that require compensation.

This report was prepared in compliance with true and fair accounting principles pursuant to Article 199 of the Turkish Commercial Code, Law No. 6102, and signed and approved by the Board of Directors.

February 28, 2023

ŞABAN CEMİL KAZANCI
Chairman and CEO

AHMET SERDAR NİŞLİ
Vice Chairman

NACİ AĞBAL
Vice Chairman

ÖMER MUZAFFER BAKTIR
Board Member

KORKUT ÖZTÜRKMEN
Board Member

İLHAN HELVACI
Independent Board Member

HALİT HAYDAR YILDIZ
Independent Board Member

MURAT YEŞİLYURT
Independent Board Member

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022 AND
FOR THE YEAR THEN ENDED TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT**

(CONVENIENCE TRANSLATION OF THE REPORT AND THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

Deloitte.

4) **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

5) **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

5) **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (cont’d)**

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

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

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

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

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



B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 28 February 2023.

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January - 31 December 2022 does not comply with the TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Ali Çiçekli.

Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED


Ali Çiçekli, SMMM
Partner
İstanbul, 28 February 2023

INDEX	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	110-112
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	113
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	114
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	115
CONSOLIDATED STATEMENT OF CASH FLOWS	116
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	117-186
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	117-120
NOTE 2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS	121-145
NOTE 3 OPERATING SEGMENTS	146
NOTE 4 RELATED PARTY DISCLOSURES	147-150
NOTE 5 TRADE RECEIVABLES AND PAYABLES	151
NOTE 6 CASH AND CASH EQUIVALENTS	152
NOTE 7 FINANCIAL INVESTMENTS	152-153
NOTE 8 FINANCIAL LIABILITIES	153-155
NOTE 9 OTHER RECEIVABLES AND PAYABLES	155-156
NOTE 10 INVENTORIES	157
NOTE 11 PREPAID EXPENSES	157
NOTE 12 PROPERTY, PLANT AND EQUIPMENT	157-160
NOTE 13 INTANGIBLE ASSETS	160-161
NOTE 14 RIGHT-OF-USE ASSETS	161
NOTE 15 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	162
NOTE 16 COMMITMENTS	163-164
NOTE 17 EMPLOYEE BENEFITS	164-165
NOTE 18 OTHER ASSETS AND LIABILITIES	165
NOTE 19 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	166-168
NOTE 20 REVENUE	168
NOTE 21 GENERAL ADMINISTRATIVE EXPENSES, SALES, MARKETING AND DISTRIBUTION EXPENSES	169
NOTE 22 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	170
NOTE 23 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	170
NOTE 24 EXPENSES BY NATURE	171
NOTE 25 FINANCE INCOME	171
NOTE 26 FINANCE EXPENSES	172
NOTE 27 TAXATION	172-175
NOTE 28 EARNINGS PER SHARE	175
NOTE 29 FINANCIAL INSTRUMENTS	176-177
NOTE 30 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	178-184
NOTE 31 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATION ON HEDGE ACCOUNTING)	184-186
NOTE 32 NOTES ON THE STATEMENT OF CASH FLOWS	186
NOTE 33 EVENTS AFTER THE REPORTING PERIOD	186

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL

POSITION AS OF 31 DECEMBER 2022

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

ASSETS	Notes	Audited/ Current period	Audited/ Prior period
		31 December 2022	31 December 2021
Current assets			
Cash and cash equivalents	6	937,345,047	524,701,915
Financial investments	7	306,413,932	592,983,082
Trade receivables		9,217,429,677	5,327,703,619
- Trade receivables from related parties	4	2,434,575,270	766,149,151
- Trade receivables from third parties	5	6,782,854,407	4,561,554,468
Other receivables		58,309,339	100,822,731
- Other receivables from related parties	4	-	58,618,465
- Other receivables from third parties	9	58,309,339	42,204,266
Derivative instruments	7	22,578,966	3,859,495
Inventories	10	244,345,731	225,353,094
Prepaid expenses	11	282,516,925	145,128,853
Current tax assets	27	148,313,121	990,817
Other current assets	18	198,850,061	207,556,364
Total current assets		11,416,102,799	7,129,099,970
Non-current assets			
Financial investments	7	412,408	412,408
Other receivables		13,421,090	12,137,069
- Other receivables from third parties	9	13,421,090	12,137,069
Property, plant and equipment	12	21,295,294,157	13,037,533,258
Right-of-use assets	14	98,236,844	64,593,990
Intangible assets		345,839,331	222,087,752
- Other intangible assets	13	345,839,331	222,087,752
Prepaid expenses	11	21,061,830	153,147,175
Deferred tax asset	27	42,138,947	30,526,428
Total non-current assets		21,816,404,607	13,520,438,080
TOTAL ASSETS		33,232,507,406	20,649,538,050

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL

POSITION AS OF 31 DECEMBER 2022

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

LIABILITIES	Notes	Audited/ Current period	Audited/ Prior period
		31 December 2022	31 December 2021
Current liabilities			
Short-term borrowings	8	2,393,385,155	1,923,308,435
Short-term portion of long-term borrowings	8	2,340,517,715	1,225,736,522
Payables from short-term lease transactions	8	2,735,575	7,580,536
- Lease transactions from related parties		617,345	117,597
- Lease transactions from third parties		2,118,230	7,462,939
Short-term portions of long-term lease transactions	8	6,478,325	2,797,965
Trade payables		2,126,648,274	2,019,865,531
- Trade payables to related parties	4	152,735,060	89,599,642
- Trade payables to third parties	5	1,973,913,214	1,930,265,889
Payables related to employee benefits	17	23,516,545	18,189,037
Other payables		473,035,344	351,950,634
- Other payables to related parties	4	22,000	-
- Other payables to third parties	9	473,013,344	351,950,634
Derivative instruments	7	-	83,074,399
Current tax liabilities	27	572,709,698	626,692,702
Short-term provisions		23,912,401	11,369,329
- Short-term provisions for employee benefits	17	5,914,440	2,401,040
- Other short-term provisions	15	17,997,961	8,968,289
Other current liabilities	18	17,052,526	1,305,233
Total current liabilities		7,979,991,558	6,271,870,323
Non-current liabilities			
Long-term borrowings	8	3,785,386,886	2,435,863,452
Long-term finance lease liabilities	8	79,967,136	67,437,608
Other payables		585,719,977	417,527,881
- Other payables to third parties	9	585,719,977	417,527,881
Long-term provisions		87,334,512	9,588,781
- Long-term provisions for employee benefits	17	23,317,250	9,588,781
- Other long-term provisions	15	64,017,262	-
Deferred tax liabilities	27	1,755,543,866	863,041,791
Total non-current liabilities		6,293,952,377	3,793,459,513
TOTAL LIABILITIES		14,273,943,935	10,065,329,836

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL

POSITION AS OF 31 DECEMBER 2022

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

EQUITY	Notes	Audited/ Current period 31 December 2022	Audited/ Prior period 31 December 2021
Total equity attributable to equity holders of the parent			
Paid-in capital	19	1,226,338,236	1,226,338,236
Share premiums	19	10,726,734	10,726,734
Accumulated other comprehensive income not to be reclassified in profit or loss	19	6,142,637,485	3,740,067,960
- Gain on revaluation of property, plant and equipment		6,142,423,819	3,740,064,349
- Gain on remeasurements of the defined benefit plans	19	213,666	3,611
Accumulated other comprehensive income that will be reclassified in profit or loss	19	3,048,495,229	1,979,389,432
- Foreign currency translation differences		3,960,108,475	2,514,679,438
-Gain / (loss) of hedging reserve		(911,613,246)	(535,290,006)
Restricted reserves appropriated from profit	19	332,248,395	82,931,556
Prior years' profit	19	1,886,122,885	932,614,285
Net profit for the period		4,561,511,070	1,679,749,785
Total equity attributable to equity holders of the parent		17,208,080,034	9,651,817,988
Non-controlling interests	19	1,750,483,437	932,390,226
Total equity		18,958,563,471	10,584,208,214
TOTAL LIABILITIES AND EQUITY		33,232,507,406	20,649,538,050

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Profit or loss:	Notes	Audited/ current period 1 January - 31 December 2022	Audited/ prior period 1 January - 31 December 2021
Revenue	20	45,638,094,433	13,887,496,594
Cost of sales (-)	20	(40,190,385,573)	(11,808,767,055)
Gross profit		5,447,708,860	2,078,729,539
General administrative expenses (-)	21	(298,819,595)	(164,552,824)
Sales, marketing and distribution expenses (-)	21	(20,151,330)	(8,543,603)
Other operating income	22	387,127,495	226,348,967
Other operating expenses (-)	22	(144,637,758)	(72,848,950)
Operating profit		5,371,227,672	2,059,133,129
Impairment in accordance with TFRS 9		(84,702,468)	(17,690,953)
Gain from investing activities	23	30,273,500	1,984,207
Operating profit before finance expense		5,316,798,704	2,043,426,383
Finance income	25	1,792,714,925	987,059,390
Finance expenses (-)	26	(1,128,617,264)	(630,159,142)
Net financial expenses		664,097,661	356,900,248
Profit before tax		5,980,896,365	2,400,326,631
Tax expense		(1,095,844,324)	(565,239,976)
- Current tax expense	27	(1,139,216,942)	(746,816,270)
- Deferred tax income	27	43,372,618	181,576,294
Profit for the period		4,885,052,041	1,835,086,655
Profit for the period attributable to:			
- Non-controlling interests	19	323,540,971	155,336,870
- Owners of the Company	28	4,561,511,070	1,679,749,785
Total		4,885,052,041	1,835,086,655
Earnings per share			
- Earnings per share attributable to equity holders of the parent	28	3.720	1.370

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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

Other comprehensive income:	Notes	Audited/ Current period 1 January - 31 December 2022	Audited/ Prior period 1 January - 31 December 2021
Profit for the period		4,885,052,041	1,835,086,655
Items that will not be reclassified to profit or loss		3,775,511,509	2,813,088,648
Increase on revaluation of property, plant and equipment	12	3,775,414,813	2,813,265,558
Gains / (losses) on remeasurements of defined benefit plans	17	96,696	(176,910)
Tax related to other comprehensive income not to be reclassified to profit or loss		(856,793,953)	(545,622,191)
- Deferred tax expense (-)	27	(856,793,953)	(545,622,191)
Items that will be reclassified subsequently to profit or loss		1,254,905,525	1,834,889,485
Foreign currency translation differences		1,646,908,900	2,365,234,562
Loss on cash flow hedging		(392,003,375)	(530,345,077)
Tax related to other comprehensive income to be reclassified subsequently to profit or loss		15,680,135	21,421,434
- Deferred tax income	27	15,680,135	21,421,434
Other comprehensive income		4,189,303,216	4,123,777,376
Total comprehensive income		9,074,355,257	5,958,864,031
Total comprehensive income attributable to			
Non-controlling interests		818,093,211	526,231,499
Equity holders of the parent		8,256,262,046	5,432,632,532
Total		9,074,355,257	5,958,864,031

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interests	Total equity		
	Paid-in capital	Share premium	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 2021	613,169,118	247,403,635	145,139	2,196,123,264	(26,366,363)	520,339,505	68,742,954	129,592,233	470,035,971	4,219,185,456	406,158,727	4,625,344,183
- Total comprehensive income	-	-	(141,528)	2,267,607,985	(508,923,643)	1,994,339,933	-	-	1,679,749,785	5,432,632,532	526,231,499	5,958,864,031
- Profit distribution	613,169,118	(236,676,901)	-	-	-	-	-	(376,492,217)	-	-	-	-
- Transfers	-	-	-	(723,666,900)	-	-	14,188,602	1,179,514,269	(470,035,971)	-	-	-
Balance as of 31 December 2021	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
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
- Profit distribution (*)	-	-	-	-	-	-	-	(700,000,000)	-	(700,000,000)	-	(700,000,000)
- Total comprehensive income	-	-	210,055	2,625,435,124	(376,323,240)	1,445,429,037	-	-	4,561,511,070	8,256,262,046	818,093,211	9,074,355,257
- Transfers (**)	-	-	-	(223,075,654)	-	-	249,316,839	1,653,508,600	(1,679,749,785)	-	-	-
Balance as of 31 December 2022	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

(*) At the Ordinary General Assembly Meeting held on 19 July 2022, distribution of 700,000,000 TL out of the net distributable period profit of TL 1,630,026,094 consisting of operations in 2021 as dividend, allocation of TL 63,868,309 as legal reserves, and allocation of the remaining TL 866,157,785 to extraordinary reserves have been approved.

(**) The transfer amounting to TL 223,075,654 shows the depreciation difference for the period in which the Group has incurred due to the value increase in property, plant and equipment.

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	<i>Audited</i> 1 January - 31 December 2022	<i>Audited</i> 1 January - 31 December 2021
A. Cash flows from operating activities		768,571,788	917,530,147
Profit for the period		4,885,052,041	1,835,086,655
Adjustments to reconcile net profit/loss to net cash		687,097,740	1,323,518,205
Adjustments related to depreciation and amortization expenses	24	1,272,232,254	567,944,040
Adjustments related to provision for employee benefits		17,398,503	2,906,983
Adjustments related to interest expenses	26	945,816,436	526,495,522
Adjustments related to interest income	25	(442,114,791)	(218,989,302)
Adjustments related to expected provision losses	5,30	84,702,468	17,690,953
Adjustments related to provisions for legal cases	15	11,522,510	2,031,498
Adjustments related to impairment in inventories		7,889,223	(99,625)
Adjustments related to tax expense		1,095,844,324	565,239,976
Adjustments related to derivative transactions (income)/expense		(52,047,758)	31,951,757
Adjustments related to loss/(gain) on disposal of property, plant and equipment	23	-	(1,878,202)
Unrealized currency foreign exchange (profit)/losses		(2,254,145,429)	(169,775,395)
Adjustments related to other increase/(decrease) in working capital		(3,703,630,931)	(2,103,563,928)
Increase in inventories		72,321,504	(86,930,675)
Increase in trade receivables from third parties		(2,322,934,701)	(2,210,993,706)
Decrease/(increase) in trade receivables from related parties		(1,668,426,119)	(455,063,739)
Decrease/(increase) in other operating receivables from related parties		58,618,465	(16,300,557)
Increase in other operating receivables from third parties		(17,389,094)	(13,715,001)
Increase in trade payables to third parties		43,647,325	1,186,010,306
Increase/(decrease) in other operating payables to third parties		289,254,806	499,897,717
Increase/(decrease) in trade payables to related parties		63,135,418	53,942,003
Decrease in other liabilities related to operations		(264,577,165)	(287,447,898)
Increase in prepaid expenses		(243,850,520)	(179,979,296)
Increase/(decrease) in financial investments	7	286,569,150	(592,983,082)
Cash used in operations		(1,099,947,062)	(137,510,785)
Taxes paid	27	(1,095,910,092)	(121,114,385)
Employee benefits paid	17	(1,359,181)	(457,316)
Payments for legal cases	15	(2,677,789)	(15,939,084)
B. Cash flows used in investing activities		(1,849,884,896)	(2,747,095,115)
Proceeds from sale of property, plant and equipment and intangible assets		-	2,127,879
Cash outflows from purchases of property, plant and equipment	12	(1,783,465,947)	(2,715,880,635)
Cash outflows from purchases of intangible assets	12	(66,418,949)	(33,342,359)
C. Cash flows used in financing activities		1,497,688,504	2,040,315,356
Cash inflows from borrowings	32	4,801,676,271	5,151,436,462
Cash outflows from borrowings	32	(2,193,920,074)	(2,802,385,561)
Cash outflows related to debt payments arising from Lease Agreements	32	(56,384,531)	(6,491,609)
Interest paid		(795,819,953)	(521,233,238)
Interest received	25	442,114,791	218,989,302
Dividend payments		(699,978,000)	-
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		416,375,396	210,750,388
D. Cash and cash equivalents at the beginning of the year		527,522,186	316,771,798
Cash and cash equivalents at the end of the year (A+B+C+D)		943,897,582	527,522,186

On 31 December 2022, the Group calculated expected credit loss amounting to TL 6,553,855 on cash and cash equivalents within the scope of TFRS 9 (31 December 2021: TL 2,821,591).

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

(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 December 2022, the Company's share in actual circulation is 20.58% (31 December 2021: 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 Çıkmaızı, No:10, Kavacık-Beykoz, Istanbul / Turkey.

Aksa Enerji and its subsidiaries are collectively referred to as "the Group" in this report. As of 31 December 2022 and 31 December 2021, the details of the subsidiaries included in the consolidation are as follows:

			Group's effective share ratio (%)	Group's effective share ratio (%)
	Principal activity	Place of operation	31 December 2022	31 December 2021
Name of subsidiary – Foreign Branch				
Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji")	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. Kazakhstan Branch (*)	Electricity production	Kazakhstan	100.00	-
Aksa Kyzylorda Investment B.V. (*)	Electricity production	Netherlands	100.00	-
Aksa Energy Kyzylorda LLP (*)	Electricity production	Kazakhstan	100.00	-
Aksa Taboth IPP	Electricity production	Ivory Coast	80.00	-

(*) The relevant companies are in the investment period; as of 31 December 2022, electricity generation has not started.

As of 31 December 2022, the number of employees of the Group is 1,234 (31 December 2021: 1,030).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

1 Organization and operations of the Group (continued)

Aksa Aksen Enerji:

Aksa Aksen Enerji 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.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

1 Organization and operations of the Group (continued)

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. Idil 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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

1 Organization and operations of the Group (continued)

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements

2.1 Basis of Preparation

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 and 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 4 October 2022 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 31 December 2022 were approved by the Company's Board of Directors on 28 February 2023. 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 31 December 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 31 December 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 consolidated financial statements in accordance with TAS 29.

c) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis adjusted for the effects of inflation that lasted by 31 December 2004, except for the following:

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.1 Basis of Preparation (continued)

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 Aksen Enerji	TL
Aksa Enerji Gana	USD
Aksa Gana B.V.	USD
Aksa Global B.V.	USD
Aksa Uzbekistan Investment B.V.	USD
Aksa Uzbekistan Bukhara B.V.	USD
Aksa Madagascar B.V.	USD
Aksa Mali S.A.	EUR
Aksaf Power	USD
Overseas Power	USD
Aksa Enerji Tashkent	USD
Aksa Bukhara	USD
Aksa Enerji Kongo	USD
Aksa Madagaskar SAU	USD
Aksa Energy Kamerun	USD
Aksa Enerji Üretim A.Ş. Kazakistan Branch	USD
Aksa Kyzylorda Investment B.V.	USD
Aksa Energy Kyzylorda LLP	USD
Aksa Taboth IPP	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 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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.1. Basis of Preparation (continued)

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 it 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 recognised 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 recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.1. Basis of Preparation (continued)

e) Basis of consolidation (continued)

(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 consolidated 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:

	31 December 2022	31 December 2021
EUR / TL	19.9349	15.0867
USD / TL	18.6983	13.3290
GHS / USD	8.5717	5.9931
TL / USD	0.0535	0.0750

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.1 Basis of Preparation (continued)

f) Foreign currency (continued)

Foreign operations (continued)

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 Standards issued but not yet effective and not early adopted

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	Reference to the Conceptual Framework
Amendments to TAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to TAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to TFRS Standards 2018-2020	Amendments to TFRS 1, TFRS 9 and TAS 41
Amendments to TFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.2 Standards issued but not yet effective and not early adopted (continued)

a) Amendments that are mandatorily effective from 2022 (continued)

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of Turkish Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 3 September 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group’s consolidated financial statements.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.2 Standards issued but not yet effective and not early adopted (continued)

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 TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
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 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 2023.

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 2023 and earlier application is permitted.

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 entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.2 Standards issued but not yet effective and not early adopted (continued)

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

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.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies

The accounting policies applied in the consolidated financial statements of the Group are the same as the accounting policies applied in the consolidated financial statements prepared as of 31 December 2021 and for the year then ended.

a) Revenue

The Group includes the revenue generated by the sale of the electricity produced by the official authorities and in the market, in the financial statements. An asset is transferred when or when control of an asset is transferred to the customer.

The Group recognizes revenue in its consolidated financial statements within the scope of 5-step model given below:

- (a) Identify the contract(s) with a customer
- (b) Identify the performance obligations in the contract
- (c) Determine the transaction price
- (d) Allocate the transaction price to the performance obligations in the contract
- (e) Recognition of revenue when each performance obligation is satisfied.

When a contract is only legally enforceable, collectible, rights and payment terms for goods and services are identifiable, the contract is considered to be in accordance with TFRS 15 if the terms of the contract have been met, the contract has been approved by the parties and the parties have fulfilled all the obligations under which they are committed.

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

TEİİAŞ sales income includes sales arising from the settlement system due to all sales transactions made by the market participant in the free market settled by the free market MFSC (Market Financial Settlement Center) and due to the existence of a free market.

Bilateral Agreements Electricity Sales, physical or service sales to both wholesale companies or private generation companies. Primary Frequency Control (PFK) includes the sale of services related to the transfer of this obligation by the power plants that have obligations in the relevant legislation.

Energy Imbalance, When group companies combine and form a balancing group according to the relevant legislation, all imbalance receivables and debts are reconciled within the body of the party responsible for the balance. The balance responsible party distributes these amounts to the balancing group members. Group imbalance items include positive imbalance receivables, negative imbalance debit and zero balance debit/credit amounts.

b) Financial instruments

i) *Recognition and initial measurement*

The Group’s trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial instruments (continued)

ii) Classification and subsequent measurement

According to TFRS 9, when a financial asset is recognized for the first time; it is classified as measured at amortized cost; measured at fair value through other comprehensive income – investments in debt instruments; measured at fair value through other comprehensive income – investments in equity instruments or measured at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- the purpose of the business model may be to manage daily liquidity needs, to maintain a certain interest yield, or to match the maturity of financial assets with the maturity of the debts funding those assets;
- the business model and how the performance of financial assets held under the business model is reported to Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, value, timing and cause of sales made in previous periods and future sales prospects.

Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of its assets in its financial statements.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets- Assessment whether contractual cash flows are solely payments of principal and interest:

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are “solely payments of principal and interest”, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meet the “solely payments of principal and interest criteria”. It is managed in accordance with the business model based on collection of these receivables.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

The following accounting policies apply to subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Equity instruments at FVOCI	These assets are measured at fair value in subsequent periods. Dividends are recognized in profit or loss unless it is expressly intended to recover part of the investment cost. Other net gains and losses are recognized in other comprehensive income and cannot be reclassified to profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL except for derivatives and issued debt instruments.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities are initially recognized on the transaction date when the Group becomes a party to the contractual terms of the financial instrument.

Non-derivative financial liabilities are comprised of loans, other financial liabilities, trade payables and other payables.

Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial instruments (continued)

iii. Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting of financial assets and liabilities

The Group offsets its financial assets and liabilities and presents the net amount in its financial statements only when it has a legal right to offset and it intends to settle the transaction on a net basis or to realize the asset and settle the liability simultaneously.

v. Derivative financial instrument and hedge accounting

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest risk rate. Embedded derivative instruments are separated from the host contract and recognized separately when the underlying contract is not a financial asset and met certain criteria.

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging instruments in order to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates and interest rates.

At the beginning of the hedge relationship, the Group makes a certification regarding the risk management purpose and strategy that causes the hedging relationship and the operation of the enterprise.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the hedging means are expected to offset each other.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial instruments (continued)

Financial liabilities (continued)

Cash flow hedges

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

In the cash flow hedge relationship, the group defines only the change in the spot item of the forward contract as a means of hedging.

The change in the fair value of forward value of forward foreign exchange purchase contracts is recognized as hedging reserve as a hedging cost in equity as a hedging cost.

In the event that a non-financial asset or liability is subsequently recognized in the financial statements, the amount accumulated in the hedging fund and the cost of hedging are included directly in the initial cost of the non-financial asset or liability.

For all other hedge transactions, the hedging reserve and the hedging cost are classified in profit or loss in the hedging reserve in the period or periods when the estimated future cash flows are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedging fund shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is included directly in the initial cost of the non-financial item or, for other cash flow hedges, the cost of the hedge is reclassified to profit or loss in the period or periods in which the estimated future cash flows hedged affect profit or loss.

If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified in profit or loss.

vi. *Non-derivative financial assets*

Financial instruments

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition (i.e. the risk of default over the expected life of the financial instrument).

The Group applied lifetime ECL for calculation of loss allowances for trade receivables.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial instruments (continued)

Financial liabilities (continued)

Cash flow hedges (continued)

vi. *Non-derivative financial assets (continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

c) Impairments of assets

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract. Expected credit loss are discounted over the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

c) Impairments of assets (continued)

Write-off (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets that cannot be tested separately are grouped into the smallest units that generate cash inflows from sustainable operations or cash-generating units (“CGU”) independently of other assets and asset groups. Goodwill arising in a business combination is allocated for impairment testing to CGUs that are expected to benefit from the synergies of the merger.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the carrying amount of CGU of an asset exceeds its recoverable amount, an impairment charge is recognized.

Impairment losses are recognized in profit or loss. Impairments recognized in prior periods are reassessed in each reporting period if there is a decrease in impairment or there are indications that the impairment is not valid. The impairment is reversed if there is a change in the estimates used in determining the recoverable amount.

If the impairment of non-financial assets was not recorded in the previous periods, they are reversed to a extent not exceeding the book value to be determined for the asset after deducting depreciation or amortization.

d) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted average method.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

e) Related parties

Parties are considered related to the Group if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party, one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (iv) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (v) The entity is controlled or jointly controlled by a person identified in (a).
 - (vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

f) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment except for land, land improvements, buildings and plant, machinery and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The Group has opted for the option of measuring the land, land improvements, buildings and plant, machinery and equipment in the property, plant and equipment by revaluation method in accordance with TAS 16 “Property, Plant and Equipment”. The revalued amount is the fair value at the revaluation date less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. The increase resulting from the revaluation of the land, land improvements, buildings and plant machinery and equipment is recognized after netting the deferred tax effect on the revaluation reserve in equity. Decreases resulting from the valuation of the revalued lands, land improvements, buildings and plant machinery and equipment are also reflected as an expense, if any, exceeding the revaluation reserve amount due to the previous valuation.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment, and are recognized net within “income from investing activities” or “expenses from investing activities” in profit or loss.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

f) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

During the production phase of the mine, the material removed when stripping in the production phase, often it will be a combination of ore and waste. Removal of material with a low ratio of ore to waste may produce some usable material, which can be used to produce inventory. This removal might also provide access to deeper levels of material that have a higher ratio of ore to waste that will be mined in future periods. The Group recognize stripping activity asset when it is probable that the future economic benefit associated with the stripping activity will flow to the Group, identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The Group shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on mineral content of the ore extracted compared with expected mineral content to be extracted, for a given quantity of ore produced.

Since some incidental operations may take place at the same time as the production stripping activity, but which are not necessary for the production stripping activity to continue as planned, these incidental operations are not be included in the cost of the stripping activity asset.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

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 calculated on a straight-line basis over their estimated useful life. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset. 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. On the other hand, the value increase amounts on the related fixed assets are transferred to the prior year's profit and loss.

Depreciation expense for the period of revalued lands, land improvements, buildings and plant machinery and equipment is recognized in profit or loss. When the revalued lands, land improvements, buildings and plant machinery and equipment are sold or withdrawn from service, the remaining balance in the revaluation reserve is transferred directly to the prior years' losses. On the other hand, some of the increase in value is transferred to retained earnings as the asset is used by the entity.

After initial recognition, the stripping asset is followed at cost less depreciation and impairment losses in the same way as the current asset of which it is a part. The stripping asset is depreciated systematically according to the production amount method over the expected useful life of the defined part of the ore deposit that is easier to access as a result of the stripping.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

f) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

	Years
Buildings	10 - 50
Machinery and equipment	3 - 40
Furniture 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.

	Years
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 of power generation plants.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted when necessary.

g) Intangible assets

(i) Recognition and measurement

Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. In case of impairment, the book value of the intangible assets is reduced to the recoverable amount.

(ii) Subsequent expenditures

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of licenses for the current and comparative periods are between 2 and 49 years. Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

h) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of presentation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

i) Leases (continued)

The Group as a lessee (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 standard to determine whether the right-of-use assets are impaired or not, and recognized all the determined impairment losses as specified in the ‘Property, Plant and Equipment’ policy.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group, as a lessor, signs lease agreements for some of its investment properties. The Group also leases equipment and equipment manufactured by the Group to retailers for the presentation of footwear products, customer customization and testing.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net lease investment. The Group regularly reviews the estimated uncommitted residual values used in the calculation of the gross lease investment and in case of a decrease in the estimated uncommitted residual value, the Group revises the distribution of income over the lease term and reflects the reductions in the accrued amounts directly to the financial statements.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

i) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. According to the current Labor Law in Turkey is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. The unused vacation liability is the undiscounted total liability amount that all employees deserve but which are not yet used as of the reporting date. Liabilities arising from unused vacation rights are accrued in the period in which they are entitled.

(ii) Other long-term employee benefits

In accordance with the existing labor law in Turkey, the Group entities in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. The provision for employment termination benefits represents the present value of the estimated future probable obligation of the Group in the event of the retirement of its employees on a 30-day basis. The provision for employment termination benefits has been calculated as if all employees will be subject to such a payment and is reflected in the consolidated financial statements on an accrual basis. Severance pay provision has been calculated according to the severance pay ceiling announced by the Government. As of 31 December 2022, the maximum severance pay is TL 15,371.40 (31 December 2021: TL 8,284.51). The Group management used some assumptions in the calculation of the retirement pay provision as detailed in Note 17. The Group recognizes actuarial differences in other comprehensive income.

k) Contingent liability and contingent assets

It is defined as a current asset or liability that will result in an outflow or inflow of resources that result from past events and whose performance includes economic benefits. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the consolidated financial statements. A contingent asset is disclosed, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

l) Income from investment activities and expenses from investment activities

Income from investment activities include profit on subsidiary sales, revenues from sales of fixed assets and scrap. Expenses from investment activities include expenses and losses on sales of fixed assets and subsidiaries.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

m) Finance income and finance costs

Financing income include interest income on bank deposit that forms part of the cycle used for financing purposes, interest income from funds made, foreign exchange income on financial assets and liabilities (other than trade receivables and payables) and interest and maturity earnings received from related parties consisting of derivative instruments and recognized in profit or loss.

Financial expenses include interest expenses on bank loans, foreign exchange losses on financial assets and liabilities (other than trade receivables and payables), losses on derivative instruments recorded in profit or loss, and interest and interest expense paid to related parties. Borrowing costs that cannot be directly associated with the acquisition, construction or production of an asset are accounted for in consolidated profit or loss using the effective interest rate.

Exchange rate income and expenses on financial assets and liabilities (other than trade receivables and payables) are reported separately in finance income or finance expenses according to the net position of the currency difference movements. Exchange rate difference and rediscount income on trade receivables and debts are reported in other income from operating activities, exchange rate difference and rediscount expenses are reported in other expenses from operating activities.

n) Earnings/(loss) per share

Earnings/(loss) per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net earnings/(loss) or total comprehensive income/(expense) by the weighted average number of shares that have been outstanding during the related period.

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

o) Tax

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

It is calculated by taking into consideration the tax rates which are in effect as of the end of the reporting period or which are close to the registration date.

Current tax assets and liabilities can only be offset when certain conditions are met. Tax legislation in Turkey does not allow the parent and subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the consolidated financial statements has been calculated on a separate basis.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

o) Tax (continued)

(ii) Deferred tax

Deferred tax is calculated over the temporary differences between the book values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences in the following cases:

- Temporary differences in the initial recognition of assets or liabilities resulting from a transaction that is not a business combination and does not affect either accounting profit or taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities that are not likely to reverse in the foreseeable future and for which the Group has control over the reversal time, and
- Taxable temporary differences during the initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and if it is probable that taxable profits will be generated in the future, deferred tax assets that have not been previously recognized are recognized, limited to these amounts.

The Group measures deferred tax liabilities and deferred tax assets in a manner consistent with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover or pay their liabilities.

The Company and its subsidiaries within the scope of consolidation have reflected their deferred tax assets and liabilities in their financial statements by netting, but no offsetting has been made on a consolidated basis. Deferred tax is calculated over the tax rates expected to be valid in the period in which the assets are created or liabilities are fulfilled.

(iii) Tax risk

While determining the period tax expense and deferred tax expense amounts, the Group considers uncertain tax positions and whether there is any additional tax and interest liability to be paid. In the event that new information emerges that will change the Group's professional opinion about the adequacy of the current tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

p) Segment reporting

Operating segment is a part of the operating activities that the Group can generate revenues and expenditures from, and the operating results are regularly reviewed by the Group's chief operating decision maker in order to make decisions regarding the resources to be allocated to the segment and to evaluate the performance of the segment, and for which separate financial information is available.

Explanations on the operating segments for the periods ending on 31 December 2022 and 31 December 2021 are presented in Note 3.

r) Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Statement of cash flow

In the statement of cash flow, cash flows for the period are classified and reported on the basis of principal, investment and financing activities.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

2 Basis of preparation of the financial statements (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

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.

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

	Year
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.

	Year
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 of power generation plants.

Depreciation methods and useful lives 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 deemed necessary and significant differences are disclosed. In the current year there is no reclassification in the consolidated financial statements.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

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 December 2022			
	Turkey (*)	Africa	Asia	Total
Total segment income	41,207,134,239	2,887,591,510	1,543,368,684	45,638,094,433
Profit before interest, tax, depreciation and amortization (EBITDA)	3,392,800,389	2,180,795,464	985,161,605	6,558,757,458
	1 January – 31 December 2021			
	Turkey (*)	Africa	Asia	Total
Total segment income	12,114,103,979	1,773,392,615	-	13,887,496,594
Profit before interest, tax, depreciation and amortization (EBITDA)	1,203,297,710	1,420,289,242	(14,200,736)	2,609,386,216
	1 January – 31 December 2022			
	Turkey (*)	Africa	Asia	Total
Reconciliation of EBITDA with profit before taxes:	3,392,800,389	2,180,795,464	985,161,605	6,558,757,458
Depreciation and amortization	(244,330,933)	(831,251,852)	(196,649,469)	(1,272,232,254)
Finance income/(expenses), net	142,914,856	590,788,301	(69,605,496)	664,097,661
Gain from investing activities/(expenses), net	30,273,500	-	-	30,273,500
Profit before tax	3,321,657,812	1,940,331,913	718,906,640	5,980,896,365
	1 January – 31 December 2021			
	Turkey (*)	Africa	Asia	Total
Reconciliation of EBITDA with profit before taxes:	1,203,297,710	1,420,289,242	(14,200,736)	2,609,386,216
Depreciation and amortisation	(149,526,052)	(418,417,988)	-	(567,944,040)
Financing income/(expenses), net	294,138,200	62,762,048	-	356,900,248
Profit before tax	1,349,894,065	1,064,633,302	(14,200,736)	2,400,326,631

	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
	31 December 2021			
	Turkey (*)	Africa	Asia	Total
Segment assets	8,970,008,981	6,323,315,493	5,356,213,576	20,649,538,050
Segment liabilities	6,749,142,203	2,213,331,198	1,102,856,435	10,065,329,836

(*) TRNC are included in Turkey.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

4 Related party disclosures

(a) Related party balances

Short-term receivables from related parties as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022		31 December 2021	
Short-term receivables	Trade	Non-trade	Trade	Non-trade
Short-term receivables	2,434,575,270	-	766,149,151	58,618,465
Total	2,434,575,270	-	766,149,151	58,618,465
i) Receivables from related parties:	31 December 2022		31 December 2021	
	Trade	Non-trade	Trade	Non-trade
Aksa Elektrik Satış A.Ş.	1,949,681,174	-	640,841,446	58,618,465
Fırat Elektrik Perakende Satış A.Ş.	325,639,684	-	75,890,670	-
Koni İnşaat Sanayi A.Ş.	76,215,424	-	19,561,673	-
Çoruh Elektrik Perakende Satış A.Ş.	72,265,180	-	230,030	-
Aksa Doğalgaz Toptan Satış A.Ş.	9,441,686	-	16,844,095	-
Flamingo Biyoyakıt Üretim ve Sanayi A.Ş.	-	-	4,482,079	-
Other	1,332,122	-	8,299,158	-
Total	2,434,575,270	-	766,149,151	58,618,465

For all receivables from related parties, the interest rate is calculated by taking into account the borrowing interest rate.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

4 Related party disclosures (continued)

(a) Related party balances (continued)

Short-term payables to related parties as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022		31 December 2021	
	Trade	Non-trade	Trade	Non-trade
Short-term payables				
Short-term payables	152,735,060	22,000	89,599,642	-
Total payables	152,735,060	22,000	89,599,642	-

ii) Payables to related parties:

	31 December 2022		31 December 2021	
	Trade	Non-trade	Trade	Non-trade
Aksa Şanlıurfa Doğalgaz Dağıtım A.Ş.	81,586,217	-	33,011,316	-
Aksa Elektrik Satış A.Ş.	16,175,487	-	2,612,715	-
Aksa Servis ve Kiralama A.Ş.	13,090,542	-	1,634,130	-
Atk Sigorta Aracılık Hiz.A.Ş.	12,235,697	-	10,562,372	-
Rasa Endüstriyel Radyatörler San. A.Ş.	1,834,808	-	9,643,737	-
Kazancı Holding A.Ş.	721,100	-	3,469,131	-
Koni İnşaat Sanayi A.Ş.	411,791	-	180,629	-
Çoruh Elektrik Perakende Satış A.Ş.	-	-	11,454,578	-
Other	26,679,418	22,000	17,031,034	-
Total	152,735,060	22,000	89,599,642	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

- 4 Related party disclosures (continued)
- (b) Related party transactions
- i) Purchases and sales from/to related parties:

	1 January - 31 December 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
Aksa Ankara Makine Satış ve Servis A.Ş.	-	-	-	3,053,162	10,221,077	-	-	-	-	-
Aksa Doğal Gaz Tüptan Satış A.Ş.	-	-	-	-	-	-	-	-	-	-
Aksa Elektrik Perakende Satış A.Ş.	43,489	-	-	-	-	-	-	-	-	-
Aksa Elektrik Satış A.Ş.	10,792,271,324	4,086,994,626	-	196,356,290	4,272,120	-	1,465,208	-	2,362,846	-
Aksa Jeneratör Sanayi A.Ş.	-	-	-	1,377,659	125,940	2,225,676	-	-	-	(757,686)
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	1,144,426	-	-	-	-	-
Aksa Satış ve Pazarlama A.Ş.-Antalya Şubesi	-	-	-	-	17,253	-	573,922	-	-	-
Aksa Servis ve Kiralama A.Ş.	340	-	-	-	45,570	-	-	-	20,668,602	(1,510,235)
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	465,401,247	-	5,382,624	-	225,729	-	-	-
Aksa Turizm İşletmeleri	-	-	-	-	2,266	-	6,067,120	-	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	-	-	-	-	-	-	-	-	-	-
Çoruh Elektrik Dağıtım A.Ş.	-	-	-	9,196	1,974	-	-	-	-	-
Çoruh Elektrik Perakende Satış A.Ş.	292,602,590	35,626,135	-	12,167,666	1,121,375	-	-	-	-	-
Fırat Elektrik Dağıtım A.Ş.	-	-	-	-	41,272	-	-	-	-	-
Fırat Elektrik Perakende Satış A.Ş.	447,770,963	105,171,945	-	47,326,248	-	-	-	-	-	-
Flamingo Biyokim Üretim Sanayi A.Ş.	-	-	-	91,941	-	-	-	-	-	-
Kazancı Holding A.Ş.	-	-	-	29	513,821	-	167,994	51,650,459	-	50,695
Koni İnşaat Sanayi A.Ş.	-	-	-	6,749,948	57,386	12,198,272	-	-	-	-
Koni Teknik Mühendislik A.Ş.	-	-	-	55,743	-	-	30,815	-	-	77,564
Özcan Turizm ve Seyahat A.Ş.	-	-	-	-	-	-	-	-	-	-
Renk Transmisyon Sanayi A.Ş.	-	-	-	-	1,482	-	-	-	-	-
	11,532,688,706	4,227,792,706	465,401,247	267,187,882	22,948,586	14,423,948	8,530,788	51,650,459	23,031,448	128,259
										(2,362,005)

(*) It is a reflection of the use of computer software, legal consultancy and other expenses incurred by Kazancı Holding.

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

1 January - 31 December 2021													
	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 Ankara Makina Satış ve Servis A.Ş.	-	-	-	-	-	-	-	-	-	-	(16,683)		
Aksa Doğal Gaz Dağıtım A.Ş.	-	-	-	5,621,556	-	-	-	-	-	-	-		
Aksa Doğal Gaz Toplama Satış A.Ş.	-	-	177,775,023	1,942,463	-	-	-	-	-	-	-		
Aksa Elektrik Satış A.Ş.	889,085,132	257,798,768	-	61,218,488	-	-	-	-	-	-	-		
Aksa Jeneratör Sanayi A.Ş.	-	-	-	109,609	329,402	-	18,346	-	-	-	(16,500)		
Aksa Power Generation (Dubai)	-	-	-	-	-	-	-	-	-	13,518,493	-		
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	172,403	-	-	-	-	-	(37,540)		
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	113,548,691	-	48,084	-	-	-	-	-	-		
Aksa Turizm İşletmeleri A.Ş.	-	-	-	3,125	1,761	-	-	-	-	75,510	-		
Çoruh Elektrik Perakende Satış A.Ş.	43,643,072	14,265,384	-	1,529,333	894,215	-	-	-	-	-	-		
Firat Elektrik Perakende Satış A.Ş.	42,959,806	27,866,427	-	9,299,079	97,276	-	-	-	-	-	-		
Flamingo Biyokütle Üretim Sanayi A.Ş.	-	-	-	509,478	-	-	-	-	-	-	-		
Flamingo Enerji Üretim A.Ş.	-	-	-	152,613	-	-	-	-	-	-	-		
Kazancı Holding A.Ş.	-	-	-	67,487,428	857,151	-	-	25,812,211	-	-	-		
Koni İnşaat Sanayi A.Ş.	2,698	-	-	5,174,589	41,908	6,546,706	11,239	-	-	106,661	-		
	975,690,708	299,930,579	291,323,714	153,047,761	2,442,200	6,546,706	29,585	25,812,211	-	13,700,664	(70,723)		

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 37,447,003,316 as of 31 December 2022 (31 December 2021: TL 26,832,754,001).

iii) **Total salaries and benefits provided to key management personnel:**
The Company's key management personnel consist of the members of the Board of Directors. Benefits provided to key management include benefits such as salary, bonus, health insurance and transportation. The total amount of benefits provided to key management during the period is amounted to TL 10,006,142 (31 December 2021: TL 3,669,153).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

5 Trade receivables and payables

(a) Short-term trade receivables

As of 31 December 2022 and 31 December 2021, trade receivables from third parties consist of the following items:

Current trade receivables	31 December 2022	31 December 2021
Trade receivables	6,958,408,429	4,635,473,728
Trade receivables from related parties (Note 4)	2,434,575,270	766,149,151
Provision of expected credit losses (-)	(175,554,022)	(73,919,260)
Total trade receivables from third parties	9,217,429,677	5,327,703,619

Details on credit risk, currency risk and impairment of the Group's short-term trade receivables are explained in Note 30.

Movement of expected credit loss as of 31 December as follows:

	2022	2021
Balance as at 1 January	73,919,260	29,945,027
Provision made/(released) during the period	80,970,204	17,470,572
Foreign currency translation differences	20,664,558	26,503,661
31 December balance	175,554,022	73,919,260

(b) Short-term trade payables

As of 31 December 2022 and 31 December 2021, trade payables to third parties consist of the following items:

Short-term trade payables	31 December 2022	31 December 2021
Trade payables	1,973,913,214	1,930,265,889
Trade payables to related parties (Note 4)	152,735,060	89,599,642
Total trade payables to third parties	2,126,648,274	2,019,865,531

The foreign currency and liquidity risk regarding the short-term trade payables of the Group is explained in Note 30.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

6 Cash and cash equivalents

At 31 December 2022 and 31 December 2021, cash and cash equivalents comprise the following:

	31 December 2022	31 December 2021
Cash on hand	2,576,189	1,393,676
Cash at banks	934,768,858	523,308,239
- Demand deposits	624,511,775	270,462,945
- Time deposits (*)	310,255,763	252,843,974
- Restricted cash	1,320	1,320
Total	937,345,047	524,701,915
Restricted cash amount	(1,320)	(1,320)
Cash and cash equivalents in the statement of cash flows	937,343,727	524,700,595

(*) As of 31 December 2022, the Group has:

- TL 25,000,000 million with 8,5% interest rate and a maturity of 2 January 2023, TL 284,000,000 million with a 13% interest rate and a maturity of 2 January 2023. (As of 31 December 2021, the Group has TL 20,800,000 with a maturity of 3 January 2022 with an interest rate of 17% , TL 70,700,000 with a maturity of 3 January 2022 with an interest rate of 15%, TL 30,4000,000 with a maturity of 3 January 2022 with an interest rate of 15% and there are USD time deposits in return for TL 133,290,000 with an interest rate of 0.5% with a maturity of 3 January 2022.)

Credit, currency, interest rate risks and sensitivity analyzes for the Group's cash and cash equivalents are disclosed in Note 30.

7 Financial investments**(a) Financial assets**

At 31 December 2022 and 31 December 2021, financial assets comprise the following:

	31 December 2022	31 December 2021
Short-term financial investments		
Blocked bank deposits (*)	-	592,983,082
Time deposits (**)	306,413,932	-
Total	306,413,932	592,983,082

(*) The balance consists of bank loans in relation to Uzbekistan investment.

(**) TL 8,980,900 million with 14% interest rate and a maturity of 30 January 2023, TL 278,427,000 million with a 15% interest rate and a maturity of 29 March 2023.

Financial assets	Acquisition%	31 December 2022	31 December 2021
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.

According to TFRS 9, since cost is a reflection of the fair value estimation, financial investments are presented at their cost value.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

7 Financial investments (continued)**(b) Derivative financial assets and liabilities**

Derivative financial instruments are accounted for as derivative financial instruments in the consolidated financial statements, unless they are designed in the hedging relationship required for hedge accounting. Hedging transactions that fulfill the Group's hedge accounting requirements are classified as hedging derivative financial instruments.

As of 31 December 2022 and 31 December 2021, the details of derivative financial instruments are as follows:

	31 December 2022 Nominal Value		31 December 2021 Nominal value	
Short-term derivative financial instruments	Asset	Liability	Asset	Liability
Cash flow hedges	22,578,966	-	-	83,074,399
Held for trading	-	-	3,859,495	-
Total	22,578,966		3,859,495	83,074,399

All derivative financial instruments with net receivables (positive fair value), including options purchased, are reported as derivative financial assets, and all derivative financial instruments with net liabilities (negative fair value) are reported as derivative financial liabilities.

The Group's credit and currency risks related to derivative financial instruments are explained in Note 30.

8 Financial liabilities

At 31 December 2022 and 31 December 2021, liabilities comprise the following:

Short-term	31 December 2022	31 December 2021
Short-term bank borrowings	2,393,385,155	1,923,308,435
Short-term portion of long-term bank borrowings	2,340,517,715	1,225,736,522
Total Current Borrowings	4,733,902,870	3,149,044,957
Long-term		
Long-term bank borrowings	3,785,386,886	2,435,863,452
Total Borrowings	8,519,289,756	5,584,908,409

Collateral information of financial borrowings is given in Note 16.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

8 Financial liabilities (continued)

The maturities and terms for the open borrowings as of 31 December 2022 and 31 December 2021 are as follows:

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

Currency	Interest rate	31 December 2021
TL	7.50% - 22%	1,777,418,624
USD	3.6% - 8%	3,807,489,785
Total		5,584,908,409

31 December 2022			
Maturity	Currency	Currency amount	TL Amount
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

31 December 2021			
Maturity	Currency	Currency amount	TL Amount
Less than 1 year	USD	103,745,604	1,382,825,149
	TL	1,766,219,808	1,766,219,808
1-2 Years	USD	59,184,520	788,870,461
	TL	11,198,818	11,198,818
2-3 Years	USD	52,839,345	704,295,632
3-4 Years	USD	35,702,229	475,875,009
4-5 Years	USD	21,154,032	281,962,086
+5 Years	USD	13,028,843	173,661,446
Total			5,584,908,409

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

8 Financial liabilities (continued)

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 December 2022 and 31 December 2021, 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 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
				89,181,036

Currency	Interest Type	Agreement Date	Interest Rate	31 December 2021
TL	Fixed	25 March 2038	21.90%-22.80%	72,999,415
USD	Fixed	19 October 2039	1.77%-5.34%	4,098,987
EUR	Fixed	17 February 2022	3.43%-4.06%	717,707
Total				77,816,109

9 Other receivables and payables

(a) Other short-term receivables

As of 31 December 2022 and 31 December 2021, other short-term receivables from unrelated parties consist of the following items:

Other short-term receivables	31 December 2022	31 December 2021
Receivables from subsidiary sales (*)	57,577,849	39,883,787
Deposits and guarantees given	661,519	848,141
Other receivables from related parties (Note 4)	-	58,618,465
Other	69,971	1,472,138
Total	58,309,339	100,822,731

(*) Consists of receivables from Borusan EnBW Enerji Yatırımlar ve Üretim A.Ş due to the sale of Alenka Enerji.

The details of the credit and currency risk related to the Group's other short-term receivables are disclosed in Note 30.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

9 Other receivables and payables *(continued)***(b) Other long-term receivables**

As of 31 December 2022 and 31 December 2021, other long-term receivables from unrelated parties consist of the following items:

Other long-term receivables	31 December 2022	31 December 2021
Deposits and guarantees given	5,353,786	5,469,765
Other	8,067,304	6,667,304
Total	13,421,090	12,137,069

The details of the credit and currency risk related to the Group's other long-term receivables are disclosed in Note 30.

(c) Other short-term liabilities

As of 31 December 2022 and 31 December 2021, other short-term liabilities consist of the following items:

Other short-term payables	31 December 2022	31 December 2021
Tax, duty, fee (*)	300,924,146	267,404,982
VAT payable	149,292,613	28,786,998
Deposits and guarantees received	3,280,800	9,279,511
Trade payables to related parties (Note 4)	22,000	-
Other	19,515,785	46,479,143
Total	473,035,344	351,950,634

(d) Other long-term liabilities

As of 31 December 2022 and 31 December 2021, other long-term payables consist of the following items:

Other long-term payables	31 December 2022	31 December 2021
Tax, duty, fee(*)	585,719,977	417,527,881
Total	585,719,977	417,527,881

(*) These are corporate tax payments in installments for foreign subsidiaries.

Currency and liquidity risk related to the Group's other short-term payables are explained in Note 30.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

10 Inventories

As of 31 December 2022 and 31 December 2021, the inventories are as follows:

	31 December 2022	31 December 2021
Raw materials	245,390,094	221,961,722
Work-in-progress	7,286,285	3,832,797
Provision for impairment on inventories (-)	(8,330,648)	(441,425)
Total	244,345,731	225,353,094

As of 31 December 2022, the Group's inventories mainly consist of fuel oil, oil, fuel and operating materials and there is no pledge, annotation or guarantee given on the inventories.

Whether or not there is a decrease in the value of the inventories is determined over the net realizable value of the inventories that have not moved for a long time as a result of the aging studies.

11 Prepaid expenses**(a) Prepaid expenses – short-term**

As of 31 December 2022 and 31 December 2021, short-term prepaid expenses consist of the following items:

Short-term prepaid expenses	31 December 2022	31 December 2021
Raw material purchase advances given	208,138,448	108,935,084
Prepaid insurance expenses	54,508,290	19,312,593
Other prepaid expenses	19,870,187	16,881,176
Total	282,516,925	145,128,853

(b) Prepaid expenses – long-term

As of 31 December 2022 and 31 December 2021, long-term prepaid expenses consist of the following items:

Long-term prepaid expenses	31 December 2022	31 December 2021
Fixed asset advances given (*)	13,183,910	152,528,342
Prepaid letter of guarantee commissions	7,877,920	618,833
Total	21,061,830	153,147,175

(*) There are advances given in accordance with maintenance contracts.

12 Property, plant and equipment

Property, plant and equipment as at 31 December 2022 and 31 December 2021 as follows:

	31 December 2022	31 December 2021
Property, plant and equipment	21,236,458,717	12,974,483,954
Mining assets	58,835,440	63,049,304
Total	21,295,294,157	13,037,533,258

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

- 12Property, plant and equipment (continued)
- a)Other property, plant and equipment

	Land		Plant, machinery and equipment		Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Lands	improvements	Buildings	improvements	equipment					
Cost									
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	742,247	118,855,432	101,999,290	1,391,140,860	5,359,067	14,666,803	-	354,063,942	1,986,827,641
Revaluation increase	10,989,719	42,994,502	58,254,647	3,663,175,945	-	-	-	-	3,775,414,813
Transfers	-	1,598,819	1,834,506	571,011,411	-	-	-	(574,444,736)	-
Foreign currency translation differences	-	20,461,127	86,093,555	5,012,007,991	8,045,364	6,529,627	-	11,944,921	5,145,082,585
Closing balance as of 31 December 2022	146,036,771	206,962,099	487,045,203	27,422,071,602	33,443,747	50,224,327	26,843,084	50,407,807	28,423,034,640
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
Period charge	-	4,386,641	7,648,540	1,198,671,720	4,441,280	3,699,795	1,220,496	-	1,220,068,472
Foreign currency translation differences	-	1,944,581	40,669,920	1,372,274,438	4,236,773	6,156,092	-	-	1,425,281,804
Closing balance as of 31 December 2022	-	13,006,298	155,408,525	6,954,254,895	18,531,815	35,061,731	10,312,659	-	7,186,575,923
Net book value	146,036,771	193,955,801	331,636,678	20,467,816,707	14,911,932	15,162,596	16,530,425	50,407,807	21,236,458,717

The lands, land improvements, buildings, plant, machinery and equipment owned by the Group are shown with their revaluation amount, which is the fair value less accumulated depreciation at the revaluation date. As of 31 December 2022, the fair value of the lands and land improvements, buildings and plant machinery and equipment owned by the Group has been determined by a valuation company independent of the Group. The fair value of the lands and land improvements, buildings and plant machinery and equipment has been determined according to the cost method. A value increase of TL 4,247,640,712 has been determined for the related lands, land improvements, buildings, plant machinery and equipment, and investments in progress. The net book values of the valued assets have been brought to their revalued amounts and the resulting additional value has been recorded as TL 3,026,827,138 by netting the deferred tax effect on the revaluation increase fund in the equity. As of the reporting date, the fair value level of the relevant lands, land improvements, buildings and plant, machinery and equipment is disclosed in Note 31.

Mortgages and Pledges on the Group's property, plant and equipment is shown in Note 16.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

- 12Property, plant and equipment (continued)
- a)Other property, plant and equipment (continued)

	Land		Plant, machinery and equipment		Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Lands	improvements	Buildings	improvements	equipment					
Cost									
Opening balance as of 1 January 2021	93,035,084	13,789,949	138,052,423	7,642,506,570	9,081,109	19,925,150	26,815,088	289,852,050	8,233,057,423
Additions	624,097	3,485,435	274,691	1,977,968,553	3,328,880	2,235,778	27,996	706,864,022	2,694,809,452
Disposals	-	-	-	-	(281,320)	-	-	-	(281,320)
Revaluation increase	40,645,624	-	18,401,892	2,754,218,042	-	-	-	-	2,813,265,558
Transfers	-	-	-	804,685,862	-	(374,517)	-	(804,311,345)	-
Foreign currency translation differences	-	5,776,835	82,134,199	3,605,356,368	7,910,647	7,241,486	-	66,438,953	3,774,858,488
Closing balance as of 31 December 2021	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
Accumulated depreciation									
Opening balance as of 1 January 2021	-	3,854,976	50,090,357	2,550,392,664	4,861,483	16,936,453	7,877,331	-	2,634,013,264
Period charge	-	1,237,893	13,668,309	516,794,888	962,649	2,025,252	1,214,832	-	535,903,823
Disposals	-	-	-	-	(112,328)	-	-	-	(112,328)
Foreign currency translation differences	-	1,582,207	43,331,399	1,316,121,185	4,141,958	6,244,139	-	-	1,371,420,888
Closing balance as of 31 December 2021	-	6,675,076	107,090,065	4,383,308,737	9,853,762	25,205,844	9,092,163	-	4,541,225,647
Net book value	134,304,805	16,377,143	131,773,140	12,401,426,658	10,185,554	3,822,053	17,750,921	258,843,680	12,974,483,954

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

12 Property, plant and equipment (continued)

a) Other property, plant and equipment (continued)

As of 31 December 2022 and 31 December 2021, the details of the expenditures classified under the construction in progress item of the projects under construction are as follows:

Project	31 December 2022	31 December 2021
Other (*)	50,407,807	258,843,680
Total	50,407,807	258,843,680

(*) It consists of investments in Congo, which are under construction in Africa, and investments in other domestic power plants.

b) Mining assets

As of 31 December 2022 and 31 December 2021, mining assets consist of mine site development and deferred mining costs.

Cost:	31 December 2022	31 December 2021
Deferred 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:		
Deferred stripping costs	62,209,382	57,995,518
Mining development assets	232,333	232,333
	62,441,715	58,227,851
Net book value	58,835,440	63,049,304

13 Intangible Assets

Movement tables of intangible assets as of 31 December 2022 are summarized as follows:

Cost	Rights	Other	Total
Balance as at 1 January 2022	251,788,693	956,296	252,744,989
Additions	66,240,407	178,542	66,418,949
Foreign currency translation differences	78,857,515	-	78,857,515
Balance as at 31 December 2022	396,886,615	1,134,838	398,021,453
Amortization			
Balance as of 1 January 2022	29,939,002	718,235	30,657,237
Period charge	11,914,410	248,109	12,162,519
Foreign currency translation differences	9,362,366	-	9,362,366
Balance as of 31 December 2022	51,215,778	966,344	52,182,122
Net book value	345,670,837	168,494	345,839,331

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

13 Intangible Assets (continued)

Movement tables of intangible assets as of 31 December 2021 are summarized as follows:

Cost	Rights	Other	Total
Balance as at 1 January 2021	131,577,883	841,612	132,419,495
Additions	33,142,511	199,848	33,342,359
Foreign currency translation differences	87,094,898	-	87,094,898
Disposal	(26,599)	(85,164)	(111,763)
Balance as at 31 December 2021	251,788,693	956,296	252,744,989
Amortization			
Balance as of 1 January 2021	15,869,750	665,190	16,534,940
Period charge	4,596,431	84,123	4,680,554
Foreign currency translation differences	9,472,821	-	9,472,821
Disposal	-	(31,078)	(31,078)
Balance as of 31 December 2021	29,939,002	718,235	30,657,237
Net book value	221,849,691	238,061	222,087,752

14 Right-of-use assets

As of 31 December 2022 and 31 December 2021, right-of-use assets consist of the following items:

	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	84,370,851	7,397,243	10,885,202	102,653,296
Changes in leases	(3,750,730)	(238,381)	5,669,906	1,680,795
Disposals	(28,762,514)	(1,314,319)	(4,827,005)	(34,903,838)
Amortization and depreciation for the period	(23,434,623)	(9,183,504)	(3,169,272)	(35,787,399)
Balance as of 31 December 2022	85,845,267	2,604,715	9,786,862	98,236,844
	Land of Power Plants	Buildings	Vehicles	Total
Balance as of 1 January 2021	70,174,997	1,175,094	2,173,936	73,524,027
Additions	768,665	154,731	-	923,396
Changes in leases	(6,336,989)	11,397,453	1,428,300	6,488,764
Disposals	(2,791,962)	(218,814)	-	(3,010,776)
Amortization and depreciation for the period	(4,392,428)	(6,564,788)	(2,374,205)	(13,331,421)
Balance as of 31 December 2021	57,422,283	5,943,676	1,228,031	64,593,990

The Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

15 Provisions, contingent assets and liabilities

(a) Short-term provisions

As of 31 December 2022 and 31 December 2021, short-term provisions are as follows:

Short-term provisions	31 December 2022	31 December 2021
Litigation	17,997,961	8,968,289
Total	17,997,961	8,968,289

The movement of provisions for the years ended 31 December is as follows:

	Litigations
1 January 2021 opening	22,875,875
Provision released	(15,939,084)
Current year provision (Note 21)	2,031,498
31 December 2021 closing	8,968,289
1 January 2022 opening	8,968,289
Provision released	(2,677,789)
Current year provision (Note 21)	11,522,510
Foreign currency translation differences	184,951
31 December 2022 closing	17,997,961

Litigation provisions consist of reemployment lawsuits and expropriation lawsuits.

(b) Long-term provisions

As of 31 December 2022 and 31 December 2021, long-term provisions are as follows:

Long-term provisions	31 December 2022	31 December 2021
Rehabilitation fee	64.017.262	-
Total	64.017.262	-

The movement of provisions for the years ended 31 December is as follows:

	Rehabilitation fee
1 January 2022 opening	-
Current year provision	64,017,262
31 December 2022 closing	64,017,262

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

16 Commitments

(a) Guarantees, pledges and mortgages given ("GPM")

As of 31 December 2022 and 2021, the Group's guarantees, pledge and mortgage (GPM) position is disclosed as follows:

Guarantees, Pledges and Mortgages Given by the Group (GPM)	31 December 2022	31 December 2021
A. GPM given for companies own legal personality	6,879,579,315	2,598,914,607
B. GPM given in behalf of fully consolidated companies	12,645,346,425	8,516,942,358
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 GPM	19,524,925,740	11,115,856,965

As of 31 December 2022 and 31 December 2021, the details of the letters of guarantee given by the Group are as follows:

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
Total	1,019,569,373	18,648,071	570,000	800,000	1,395,781,019
31 December 2021	TL	USD	EUR	CHF	TL Equivalent
Republic of Turkey Energy Market Regulatory Authority	86,548,000	-	-	-	86,548,000
Turkey Electricity Transmission Company (TEIAS)	15,892,458	-	400,000	-	21,765,378
Turkish Coal Enterprises Institution(TKI)	8,868,793	-	-	-	8,868,793
Botaş-Petroleum Pipeline Corporation	665,042	-	-	-	665,042
Enforcement Offices	3,669,192	-	-	-	3,669,192
Electricity Distribution Companies	154,635,676	11,484,824	-	-	307,716,900
Saving Deposit Insurance Fund (TMSF)	86,000,000	-	-	-	86,000,000
Other	27,365,875	6,330,000	1,133,000	-	128,831,676
Total	383,645,036	17,814,824	1,533,000	-	644,064,981

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

16 Commitments (continued)

(b) Guarantees received

The details of the letters of guarantee received by the Group as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022			
Type of Guarantees	TL	USD	EUR	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

	31 December 2021			
Type of Guarantees	TL	USD	EUR	TL Equivalent
Letter of guarantee	300,433,934	10,869,106	6,623,320	538,733,340
Notes taken for collaterals	26,268,905	1,034,174	1,184,169	57,076,217
Cheques taken for collaterals	8,400,000	28,000	3,456,000	59,505,399
Mortgage	700,000	-	-	700,000
Total	335,802,839	11,931,280	11,263,489	656,014,956

17 Employee benefits

(a) Provision for unused vacation

Short-term provisions for employee benefits consist of provision for unused vacation. For the accounting period ending on 31 December 2022, provision for unused vacation amounting to TL 5,914,440 (31 December 2021: TL 2,401,040) was recognized.

The amount of provision for unused vacation is calculated by multiplying the remaining leave days with the daily wage. Current period provision expenses are recognized in cost of sales and general administrative expenses accounts in the consolidated financial statements.

(b) Provision for employment termination benefits

According to the Turkish Labor Law, the Group is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life (aged 58 for women, 60 for men), terminated, called for military service or passed away.

Provision for employment termination benefits to be paid as of 31 December 2022 is subject to a monthly ceiling of TL 15,371.40 (31 December 2021: TL 8,284.51).

Provision for employment termination benefits is not legally subject to any funding. Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 *Employee Benefits* requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 31 December 2022 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. Provisions at the relevant balance sheet dates are calculated using the real discount rate, which is approximately 2.01% (31 December 2021: 3.71%), based on the assumptions of annual 19.60% inflation and 22% interest rate. Voluntary dismissal rates are 19.65% for those working for 0 - 15 years and 0% for 15 years or more. The maximum amount of TL 19,982.83 effective from 1 January 2023 has been taken into account in the calculation of the provision for employment termination benefits (1 January 2022: TL 10,848.59).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

17 Employee benefits (continued)

(b) Provision for employment termination benefits (continued)

The movements in the provision for severance pay for the accounting period ending on 31 December are as follows:

	2022	2021
1 January opening	9,588,781	9,346,433
Service cost	13,782,809	1,275,792
Payments (-)	(1,049,783)	(143,952)
Actuarial loss	(96,696)	176,910
Translation difference(*)	1,092,139	(1,066,402)
31 December closing	23,317,250	9,588,781

(*) As of 2020, severance pay is reserved for employees at Group's power plants operating in Africa.

(c) Payables related to employee benefits

As of 31 December 2022 and 31 December 2021, payables within the scope of employee benefits are as follows:

	31 December 2022	31 December 2021
Payables to personnel	17,597,618	14,391,508
Social security deductions payable	5,918,927	3,797,529
Total	23,516,545	18,189,037

18 Other assets and liabilities

As of 31 December 2022 and 31 December 2021, other current assets are as follows:

Other current assets	31 December 2022	31 December 2021
Deferred Value Added Tax ("VAT")	192,260,476	182,451,477
Other	6,589,585	25,104,887
Total	198,850,061	207,556,364

As of 31 December 2022 and 31 December 2021, other current liabilities are as follows:

Other short-term liabilities	31 December 2022	31 December 2021
Advances received	16,805,494	1,208,529
Other	247,032	96,704
Total	17,052,526	1,305,233

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

19 Share capital, reserves and other equity items

(a) Issued capital

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

It has been registered that the Company's capital was increased by 100% by using internal resources to TL 1,226,338,236 within the registered capital ceiling of TL 4,750,000,000 and the amendment of article 6 of the articles of association regarding capital by the Istanbul Trade Registry on 5 October 2021.

As of 31 December 2022, the Company's issued capital is TL 1,226,338,236 (31 December 2021: TL 1,226,338,236), Issued capital consists of 1,226,338,236 shares, each with a nominal value of TL 1 (31 December 2021: 1,226,338,236 shares).

The capital structure of the Group as of 31 December 2022 and 31 December 2021 is as follows:

Shareholder	31 December 2022		31 December 2021	
	Share rate (%)	Amount	Share rate (%)	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 the shares under the publicly traded item in 2012, 2013 and 2018 are presented in the publicly traded item 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 December 2022, these shares are 9,917,924 (31 December 2021: 9,917,924).

The details of the shares on a group basis as of 31 December are as follows:

Group	31 December 2022		31 December 2021	
	Share rate (%)	Amount	Share rate (%)	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
Issued 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.

On 2 August 2016, under the leadership of Garanti Bank and İşbank, a new loan agreement amounting to a total of USD 800 million was signed between T.R. 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 Aksa Doğal Gaz Dağıtım A.Ş. As a guarantee for this loan, Aksa Enerji shares, representing a total of 78.6% of Aksa Enerji shares owned by Kazancı Holding, were pledged to İşbank, the Collateral Representative, by Kazancı Holding.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

19 Share capital, reserves and other equity items *(continued)*

(b) Share premium

The difference between the nominal value of each share and the selling price is recognized as the share premium in equity. As of 31 December 2022, the Group's total shares are TL 10,726,734 (31 December 2021: 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. As of 31 December 2022, the Group's Defined Benefit Plans Remeasurement Gains are TL 213,666 (31 December 2021: TL 3,611).

(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. As of 31 December 2022, the Group's hedging losses are TL 911,613,246 (31 December 2021: TL 535,290,006).

(e) Foreign currency translation differences:

Foreign currency translation differences consist of all foreign currency exchange differences arising from the translation of the foreign currency based financial statements of the Group's operations abroad into TL, the functional currency of the Company. As of 31 December 2022, the Group's foreign currency translation differences are TL 3,960,108,475 (31 December 2021: TL 2,514,679,438,).

(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. As of 31 December 2022, the Group's property, plant and equipment valuation increases are TL 6,142,423,819 (31 December 2021: TL 3,740,064,349).

(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 December 2022, the Group's total legal reserves are TL 332,248,395 (31 December 2021: TL 82,931,556).

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.

At the Ordinary General Assembly Meeting held on 19 July 2022, distribution of TL 700,000,000 out of the net distributable period profit of TL 1,630,026,094 consisting of operations in 2021 as dividend, allocation of TL 63,868,309 as legal reserves, and allocation of the remaining TL 866,157,785 to extraordinary reserves have been approved.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

19 Share capital, reserves and other equity items (continued)

(h) Non-controlling interest:

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 December 2022 and 31 December 2021, the amounts classified under the line item “Non-controlling interests” in the consolidated statement of financial position are TL 1,750,483,437 and TL 932,390,226, 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 December 2022 and 31 December 2021, the profit and loss of non-controlling interests out of the total comprehensive income is TL 323,540,971 and TL 155,336,870 respectively, within the item “Non-controlling interests”.

(i) Prior years’ profit:

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 retained earnings and presented in this item. As of 31 December 2022, the Group's prior years’ profit is TL 1,886,122,885 (31 December 2021: prior years’ profit is TL 932,614,285).

20 Revenue

Revenue for period year ended on 1 January- 31 December is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Domestic sales	41,207,134,239	12,114,103,979
Foreign sales	4,430,960,194	1,773,392,615
Net sales income	45,638,094,433	13,887,496,594
Cost of sales (-)	(40,190,385,573)	(11,808,767,055)
Total	5,447,708,860	2,078,729,539

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

	1 January- 31 December 2022	1 January- 31 December 2021
Revenue – Amount		
Electricity	45,637,920,944	13,885,730,890
Other	173,489	1,765,704
Total	45,638,094,433	13,887,496,594
Gross profit		
Electricity	5,447,668,965	2,078,465,242
Other	39,895	264,297
Total	5,447,708,860	2,078,729,539

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

21 General administrative expenses, sales, marketing and distribution expenses

General administrative expenses, sales, marketing and distribution expenses for the years ended 1 January - 31 December are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
General administrative expenses	298,819,595	164,552,824
Sales, marketing and distribution expenses	20,151,330	8,543,603
Total	318,970,925	173,096,427

Administrative expenses for the years ended 1 January - 31 December are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Personnel expenses	96,785,909	49,222,069
Travelling, vehicle and transportation expenses	59,004,587	23,617,052
Consultancy and legal expenses	40,578,904	41,286,579
Holding expense share	35,000,533	25,812,211
Representation, hospitality expenses	15,982,915	150,204
Litigation provision expenses (Note 15)	11,522,510	2,031,498
Insurance expenses	5,670,816	2,045,182
License and enterprise software expenses	4,759,189	1,566,666
Electricity, water, gas expenses	1,155,744	995,360
Depreciation expenses	1,050,027	458,290
Taxes, duties, fees	942,852	290,456
Communication expenses	934,720	486,189
Contribution expenses	834,566	852,891
Other	24,596,323	15,738,177
Total	298,819,595	164,552,824

Sales, marketing and distribution expenses for the years ended 1 January - 31 December are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Freight and export expenses	16,163,249	5,482,735
Advertising expenses	1,800,587	478,297
Other	2,187,494	2,582,571
Total	20,151,330	8,543,603

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

22 Other income and expenses from operating activities

Other income from operating activities for the years ended 1 January – 31 December is as follows:

Other income from operating activities	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange income from commercial monetary transactions	281,211,829	192,617,142
Other income (*)	105,915,666	33,731,625
Total	387,127,495	226,348,967

(*) There are insurance indemnities, inventory count differences and released provisions for lawsuits.

Other expenses and losses from operating activities for the years ended 1 January - 31 December are as follows:

Other expenses from operating activities	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange expenses from commercial monetary transactions	91,129,360	18,844,824
Donations and aids	5,645,951	3,370,582
Other (*)	47,862,447	50,633,544
Total	144,637,758	72,848,950

(*) The balances included in other expenses include tax installments and other impairment provisions paid in foreign power plants during the period.

23 Income from investing activities

Income from investment activities for the years ended 1 January – 31 December is as follows:

Income from investing activities	1 January- 31 December 2022	1 January- 31 December 2021
Interest income from time deposits (*)	30,199,306	-
Income from subsidiary shares	74,194	106,005
Profit on sale of fixed assets	-	1,878,202
Total	30,273,500	1,984,207

(*) Consists of foreign currency protected deposits income.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

24 Expenses by nature

Expenses classified on the basis of type for the years ended 1 January - 31 December are as follows:

Depreciation and amortization expenses	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	1,271,182,227	567,485,750
General administrative expenses	1,050,027	458,290
Total	1,272,232,254	567,944,040

Personnel expenses	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	267,949,140	97,789,555
General administrative expenses	96,785,909	44,415,788
Total	364,735,049	142,205,343

Fees for Services Received from Independent Audit Firms

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority "POA" published in the Official Gazette, the fees related to the services that the Group received from the independent auditor/independent audit firm as of the reporting period are as follows:

Audit fees	1 January- 31 December 2022	1 January- 31 December 2021
Independent audit service fee	3,694,113	2,010,615
Other assurance services fee	53,000	12,000
Total	3,747,113	2,022,615

25 Finance income

Finance income for the years ended 1 January – 31 December is as follows:

Finance income	1 January- 31 December 2022	1 January - 31 December 2021
Foreign exchange income (*)	1,257,068,108	760,823,969
Interest income	442,114,791	218,989,302
Derivative transaction income	93,532,026	7,246,119
Total	1,792,714,925	987,059,390

(*) Foreign exchange gains and expenses are presented on a company basis in subsidiaries which are connected to consolidation.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

26 Finance expenses

Finance expenses for the years ended 1 January - 31 December are as follows:

Finance expenses	1 January- 31 December 2022	1 January- 31 December 2021
Interest and delay interest expenses	945,816,436	526,495,522
Foreign currency difference expense (*)	77,456,632	36,877,644
Derivative transaction expenses	41,484,268	39,197,876
Other	63,859,928	27,588,100
Total	1,128,617,264	630,159,142

(*) Foreign exchange gains and expenses are presented on a company basis in subsidiaries which are connected to consolidation.

27 Taxation

Turkey

Corporate tax

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Group regarding the current period operating results. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2022 is 23% (2021: 25%).

The Law numbered 7061 on "Amendment of Certain Taxes and Laws and Other Acts" was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. However, tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing 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 reassessments based on their findings.

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' profits to the capital is not considered as profit distribution, therefore it is not subject to withholding tax.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

27 Taxation (continued)

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 tax payer 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 2021: 23.5%).

Republic of Ghana

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2021: 25%).

Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2021: 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 2022. 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 Dutch tax legislation, tax losses can be carried forward to be offset against future taxable income for up to nine years. Financial losses can be offset against retained earnings for 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 nine months). Tax inspection authorities, starting from the beginning of the year following the submission of the tax return, can examine the previous year's tax returns and the accounting records that are the basis for them and make a reassessment as a result of their findings for five years.

Mauritius

There is no corporate tax in Mauritius (31 December 2021: None).

Republic of Mali

The applicable corporate tax rate in Mali is 35% (31 December 2021: 25%).

Madagascar

The applicable corporate tax rate in Madagascar is 20% (31 December 2021: 20%).

Uzbekistan

Corporate income tax is levied at the rate of 15% (31 December 2021: 15%) 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 2022. 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 10% computed only on the amounts of dividend distribution at the time of such payments.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

27 Taxation (continued)

Under the Uzbekistan taxation system, tax losses can be carried forward to be offset against future taxable income for limitlessly. Entities must file their tax returns within two months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax inspection authorities, starting from the beginning of the year following the submission of the tax return, can examine the previous year's tax returns and the accounting records that are the basis for them and make a reassessment as a result of their findings.

Congo

The applicable corporate tax rate in Congo is 30% (31 December 2021: 30%).

	31 December 2022	31 December 2021
Corporate tax payable	1,179,065,391	746,816,270
Prepaid corporate tax	(754,668,814)	(121,114,385)
Total tax liability, net	424,396,577	625,701,885

As of 31 December 2022, since the taxes payable amounting to TL 1,179,065,391 (31 December 2021: TL 746,816,270) are related to the tax assets and liabilities of the different subsidiaries within the scope of consolidation, prepaid taxes related to current period tax amounting to TL 148,313,121 (31 December 2021: TL 990,817) have not been offset.

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 assets and liabilities that are recognized for the first time and are not subject to accounting and tax.

As of 31 December 2022 and 31 December 2021, deferred tax assets and deferred tax liabilities consist of the following:

	31 December 2022	31 December 2021
	Asset / (Liability)	Asset / (Liability)
Net difference between carrying values of property, plant and equipment and intangible assets and tax base	(1,792,008,945)	(882,750,364)
Unused carryforward tax losses	-	3,119,572
Adjustments according to TFRS 9	41,059,736	19,110,550
Provision for impairment on inventory	2,022,012	108,754
Provision for employment termination benefit	4,420,110	2,419,288
Provision for unused vacation	868,642	124,958
Provision for legal cases	2,175,325	1,164,767
Derivative transactions	26,076,879	24,300,080
Adjustment related to interest discount for bank loans	4,776,014	4,621,434
Other	(2,794,692)	(4,734,402)
	(1,713,404,919)	(832,515,363)
Deferred tax asset	42,138,947	30,526,428
Deferred tax liabilities	(1,755,543,866)	(863,041,791)
Net deferred tax asset/(liabilities)	(1,713,404,919)	(832,515,363)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

27 Taxation (continued)

The movement of deferred tax during 2022 and 2021 is as follows:

	1 January 2022	Foreign currency translation differences	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2022
Total deferred tax asset/(liabilities)	(832,515,363)	(83,148,356)	43,372,618	(841,113,818)	(1,713,404,919)

	1 January 2021	Foreign currency translation differences	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2021
Total deferred tax asset/(liabilities)	(403,214,163)	(86,676,737)	181,576,294	(524,200,757)	(832,515,363)

The tax provision reported for the years ended 31 December is different from the amount calculated using the statutory tax rate on profit before tax. The relevant reconciliation breakdown is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
	<u>Amount</u>	<u>Amount</u>
Profit before tax	5,980,896,365	2,400,326,631
Income tax rate	23%	25%
Tax calculated with the Company's legal tax rate	(1,375,606,164)	(600,081,658)
Non-deductible expenses	(3,597,130)	(17,298,271)
Tax-exempt income	59,970,864	27,445,620
Prior year's loss, for which no deferred tax asset has been allocated in prior years, but used in the period	25,935,335	(43,716,638)
Effect of tax rate differences of foreign subsidiaries	8,405,986	(6,221,774)
Temporary differences for which no deferred tax is calculated	112,272,343	78,752,153
Tax rate change	89,960,595	(1,838,380)
Other, net	(13,186,153)	(2,281,028)
Tax income/(expense)	(1,095,844,324)	(565,239,976)

28 Earning per share

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

	1 January- 31 December 2022	1 January- 31 December 2021
Profit for the period attributable to equity holders	4,561,511,070	1,679,749,785
Weighted average number of common shares issued	1,226,338,236	1,226,338,236
Profit per share with nominal value of TL 1	3.720	1.370

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

29 Financial instruments

The Group risk management

The Company 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 30 and 31.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

29 Financial instruments *(continued)*

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 currency and interest rates.

Foreign currency risk

Foreign currency risk arises from the Group's liabilities in USD and EUR and the changes in the value of Turkish Lira against USD and EUR.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 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 December 2022 and 31 December 2021:

	Receivables				Deposits at banks	Other
	Trade receivables		Other receivables			
	Related Parties	Other	Related Parties	Other		
31 December 2022						
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						

(*) Other balance consists of financial investments.

	Receivables				Deposits at banks	Other
	Trade receivables		Other receivables			
	Related Parties	Other	Related Parties	Other		
31 December 2021						
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)	766,149,151	4,561,554,468	58,618,465	54,341,335	523,306,919	592,984,402
A. Carrying amount of financial assets not overdue or not impaired	766,149,151	4,462,753,268	58,618,465	14,457,548	523,306,919	592,984,402
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	-	98,801,200	-	39,883,787	-	-
D. Carrying amount of assets impaired	-	-	-	-	-	-
- Overdue (gross book value)	-	73,919,260	-	-	2,821,591	
- Impairment (-)	-	(73,919,260)	-	-	(2,821,591)	-
E. Off balance sheet items with credit risk						

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 Nature and level of risks arising from financial instruments *(continued)*

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 December 2022 and 31 December 2021, are as follows:

	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
31 December 2022						
Non-derivative financial liabilities	8,608,470,792	9,912,602,116	2,073,998,041	2,899,495,266	4,750,030,293	189,078,516
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	365,995,117	16,667,256	38,900,097	121,349,248	189,078,516
Derivative financial assets, net	(22,578,966)	(27,157,917)	(9,016,309)	(7,213,048)	(10,928,560)	-
Cash inflows	-	1,345,411	446,671	357,336	541,404	-
Cash outflows	-	(28,503,328)	(9,462,980)	(7,570,384)	(11,469,964)	-

	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Expected maturity						
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	

	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
31 December 2021						
Non-derivative financial liabilities	5,662,724,518	6,219,003,571	1,175,618,429	2,012,614,002	2,676,054,813	354,716,327
Financial liabilities	5,584,908,409	6,010,547,968	1,171,657,694	1,993,298,042	2,619,461,800	226,130,432
Leases	77,816,109	208,455,603	3,960,735	19,315,960	56,593,013	128,585,895
Derivative financial assets, net	79,214,904	(23,167,659)	(9,027,740)	(7,712,683)	(6,427,236)	-
Cash inflows	-	1,168,546	468,050	382,089	318,407	-
Cash outflows	-	(24,336,205)	(9,495,790)	(8,094,772)	(6,745,643)	-

	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Expected maturity						
Non-derivative financial liabilities	2,789,344,046	2,789,344,046	2,744,914,046	33,322,500	11,107,500	-
Trade payables to related parties	89,599,642	89,599,642	89,599,642	-	-	-
Trade payables to third parties	1,930,265,889	1,930,265,889	1,930,265,889	-	-	-
Other payables to third parties	769,478,515	769,478,515	725,048,515	33,322,500	11,107,500	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 Nature and level of risks arising from financial instruments (continued)

Market risk

Foreign currency risk

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	US Dollar	EURO	GBP	CHF
1. Trade receivables	7,502,235,252	333,947,396	63,102,554	1,937	-
2a. Monetary financial assets (cash, including 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. Current 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. Non-current 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. Net asset/ (liability) position of off-statement derivative instruments (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. Monetary items net foreign currency asset / (liability) position (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)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 Nature and level of risks arising from financial instruments (continued)

Market risk (continued)

Foreign currency risk (continued)

As of 31 December 2021, 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 2021				
	TL Equivalent	US Dollar	EURO	GBP	CHF
1. Trade receivables	5,125,512,100	332,625,911	45,864,326	-	-
2a. Monetary financial assets (cash, including bank accounts)	250,912,993	15,725,752	2,734,008	3,081	132
2b. Non-monetary financial assets	11,190,900	553,199	253,025	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	5,387,615,993	348,904,862	48,851,359	3,081	132
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)	5,387,615,993	348,904,862	48,851,359	3,081	132
10. Trade payables	2,560,667,089	178,412,807	11,497,277	72,664	538,542
11. Financial liabilities	873,487,480	65,532,859	-	-	-
12a. Other monetary liabilities	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	3,434,154,569	243,945,666	11,497,277	72,664	538,542
14. Trade payables	-	-	-	-	-
15. Financial liabilities	1,004,041,246	75,327,575	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	1,004,041,246	75,327,575	-	-	-
18. Total liabilities (13+17)	4,438,195,815	319,273,241	11,497,277	72,664	538,542
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	1,189,682,416	89,255,189	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	2,139,102,594	118,886,810	37,354,082	(69,583)	(538,410)
21. Monetary items net foreign currency asset / (liability) position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	938,229,278	29,078,422	37,101,057	(69,583)	(538,410)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 Nature and level of risks arising from financial instruments *(continued)*Market risk *(continued)*Foreign currency risk *(continued)*

Sensitivity analysis

The Group's currency risk generally consists of changes in the value of TL against EUR 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 revenue it generates. For short-term loans, borrowings are made in TL, EUR and USD balanced under the pool/portfolio model.

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 EUR against TL				
4 - EUR net asset / liability	224,436,415	(224,436,415)	224,436,415	(224,436,415)
5 - Portion secured from EUR risk (-)	-	-	-	-
6- USD net effect (4 +5)	224,436,415	(224,436,415)	224,436,415	(224,436,415)
%20 appreciation / depreciation of TL against other currency				
7- Other 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)

Sensitivity analysis				
31 December 2021				
	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	77,517,257	(77,517,257)	77,517,257	(77,517,257)
2- Portion secured from USD risk (-)	237,936,483	(237,936,483)	237,936,483	(237,936,483)
3- USD net effect (1 +2)	315,453,740	(315,453,740)	315,453,740	(315,453,740)
20% appreciation/depreciation of EUR against TL				
4 - EUR net asset / liability	111,946,503	(111,946,503)	111,946,503	(111,946,503)
5 - Portion secured from EUR risk (-)	-	-	-	-
6- USD net effect (4 +5)	111,946,503	(111,946,503)	111,946,503	(111,946,503)
%20 appreciation / depreciation of TL against other currency				
7- Other currency net asset / liability	(1,817,907)	1,817,907	(1,817,907)	1,817,907
8- Portion secured from other currency risk (-)	-	-	-	-
9- Other currency net effect (7+8)	(1,817,907)	1,817,907	(1,817,907)	1,817,907
Total (3+6+9)	425,582,336	(425,582,336)	425,582,336	(425,582,336)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 Nature and level of risks arising from financial instruments *(continued)*Market risk *(continued)*

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 rate position	
	31 December 2022	31 December 2021
Fixed rate instruments		
Financial assets	616,669,695	252,843,974
Financial liabilities (Note 8)	5,186,910,291	4,268,746,772
Financial lease (Note 8)	89,181,036	77,816,109
Other financial liabilities	-	-
Floating rate instruments		
Financial liabilities	3,332,379,465	1,316,161,637

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 December 2022 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 2021.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
31 December 2022				
Floating rate instruments	(34,956,520)	28,421,038	(34,956,520)	28,421,038
Cash flow sensitivity (net)	(6,535,482)		(6,535,482)	
31 December 2021				
Floating rate instruments	(17,808,594)	15,158,758	(17,808,594)	15,158,758
Cash flow sensitivity (net)	2,649,836	-	2,649,836	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

30 Nature and level of risks arising from financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

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 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Total financial liabilities	8,608,470,792	5,662,724,518
Cash and banks	(1,243,757,659)	(1,117,683,677)
Net financial debt	7,364,713,133	4,545,040,841
Equity	18,958,563,471	10,584,208,214
Net financial debt / equity ratio	39%	43%

31 Financial instruments (fair value disclosures and explanation on hedge accounting)

Fair value

Carrying values and fair values of assets and liabilities as of 31 December 2022 and 31 December 2021 are shown in the table below:

		31 December 2022		31 December 2021	
	Note	Book value	Amortized value (*)	Book value	Amortized value (*)
Financial assets					
Cash and cash equivalents	6	937,345,047	937,345,047	524,701,915	524,701,915
Financial investments	7	306,826,340	306,826,340	593,395,490	593,395,490
Trade receivables	5	9,217,429,677	9,217,429,677	5,327,703,619	5,327,703,619
Other receivables	9	57,577,849	57,577,849	99,963,809	99,963,809
Derivative instruments	7	22,578,966	22,578,966	3,859,495	3,859,495
Financial liabilities					
Financial liabilities	8	8,519,289,756	8,519,289,756	5,584,908,976	5,584,908,976
Financial leases	8	89,181,036	89,181,036	77,816,109	77,816,109
Trade payables	5	2,126,648,274	2,126,648,274	2,019,865,531	2,019,865,531
Derivative instruments	6	-	-	83,074,399	83,074,399
Other liabilities	9	906,181,908	906,181,908	769,478,515	769,478,515

(*) The Group management believes that the book values of financial instruments reflect their fair values. Derivative instruments are shown at fair value.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

31 Financial instruments (fair value disclosures and explanation on hedge accounting) (continued)

Fair value (continued)

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 floating rate loans are updated taking into account the changing market conditions, it is considered that the fair values of the loans represent their carrying value. Due to the short-term nature of trade payables, it is estimated 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

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 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for risk management and trading	-	22,578,966	-	22,578,966
Financial investments	-	306,413,932	-	306,413,932
Revaluated 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				
Derivative assets held for risk management and trading	-	-	-	-
	-	-	-	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE ENDED 31 DECEMBER 2022

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

31 Financial instruments (fair value disclosures and explanation on hedge accounting) (continued)

Fair value (continued)

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for risk management and trading	-	3,859,495	-	3,859,495
Revaluated property, plant and equipment		134,304,805	12,549,576,941	12,683,881,746
	-	138,164,300	12,549,576,941	12,687,741,241
Financial liabilities				
Derivative assets held for risk management and trading	-	(83,074,399)	-	(83,074,399)
	-	(83,074,399)	-	(83,074,399)

32 Notes on the statement of cash flows

Changes in the Group's liabilities resulting from financing activities between 1 January – 31 December 2022 and 1 January – 31 December 2021 are as follows:

	1 January 2022	Cash inflows	Cash outflows	Other non- cash movements	31 December 2022
Financial borrowings	5,662,724,518	4,801,676,271	(2,250,304,605)	394,374,608	8,608,470,792
Total financial liabilities	5,662,724,518	4,801,676,271	(2,250,304,605)	394,374,608	8,608,470,792

	1 January 2021	Cash inflows	Cash outflows	Other non cash movements	31 December 2021
Financial borrowings	2,946,323,862	5,151,436,462	(2,808,877,170)	373,841,364	5,662,724,518
Total financial liabilities	2,946,323,862	5,151,436,462	(2,808,877,170)	373,841,364	5,662,724,518

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.

33 Events after the reporting period

As stated in our Material Disclosure dated 21 February 2023, the title of our company, "Aksa Aksen Enerji Ticaret A.Ş.", was changed to "Aksa Yenilenen Enerji Üretim A.Ş.".

On 6 February 2023, due to the negativities caused by the earthquakes centered in Kahramanmaraş province, Pazarcık and Elbistan districts, affecting many of our provinces and devastating our whole country, a state of emergency was declared including 10 provinces in the region. The Group management closely monitors the recent impact of the natural disaster and evaluates its impact on the Group.



AKSA ENERGY

Rüzgârlıbahçe Mahallesi, Özalp Çıkması No: 10, 34805

Kavacık, Beykoz - İSTANBUL/TÜRKİYE

Phone: +90 216 681 00 00

Fax: +90 216 681 57 83

www.aksaenerji.com.tr/en/

www.aksainvestorrelations.com/tr