

AKSA ENERJİ ÜRETİM A.Ş.
AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2022

INDEX	PAGE
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	7
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	8-53
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	8-11
NOTE 2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	12-21
NOTE 3 OPERATING SEGMENTS	22-23
NOTE 4 RELATED PARTY DISCLOSURE	23-26
NOTE 5 FINANCIAL INVESTMENTS	27
NOTE 6 TRADE RECEIVABLES AND PAYABLES	27-28
NOTE 7 BORROWINGS	29-30
NOTE 8 PROPERTY, PLANT AND EQUIPMENT	30-33
NOTE 9 RIGHT OF USE ASSETS	33-34
NOTE 10 COMMITMENTS	34-35
NOTE 11 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	36-38
NOTE 12 REVENUE	39
NOTE 13 FINANCIAL INCOME	39
NOTE 14 FINANCIAL EXPENSES	40
NOTE 15 TAXATION	40-42
NOTE 16 EARNINGS PER SHARE	42
NOTE 17 FINANCIAL INSTRUMENTS	43-44
NOTE 18 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	45-51
NOTE 19 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATION ON HEDGE ACCOUNTING)	51-52
NOTE 20 NOTES ON THE STATEMENT OF CASH FLOWS	52-53
NOTE 21 EVENTS AFTER THE REPORTING PERIOD	53

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Financial Position As At 30 September 2022

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

ASSETS	Notes	Unaudited/ Current period	Audited/ Prior period
		30 September 2022	31 December 2021
Current assets			
Cash and cash equivalents		844,069,168	524,701,915
Financial investments	5	398,832,014	592,983,082
Trade receivables		9,010,466,090	5,327,703,619
- Trade receivables from related parties	4	2,239,392,555	766,149,151
- Trade receivables from third parties	6	6,771,073,535	4,561,554,468
Other receivables		107,194,335	100,822,731
- Other receivables from related parties	4	47,618,465	58,618,465
- Other receivables from third parties		59,575,870	42,204,266
Derivative financial instruments		20,663,864	3,859,495
Inventories		299,150,097	225,353,094
Prepaid expenses		207,832,923	145,128,853
Current tax assets		1,055,309	990,817
Other current assets		249,509,973	207,556,364
Total current assets		11,138,773,773	7,129,099,970
Non-current assets			
Financial investments	5	412,408	412,408
Other receivables		174,909,855	12,137,069
- Other receivables from third parties		174,909,855	12,137,069
Property, plant and equipment	8	17,105,100,617	13,037,533,258
Right-of-use assets	9	107,775,295	64,593,990
Intangible assets		289,414,744	222,087,752
- Other intangible assets		289,414,744	222,087,752
Prepaid expenses		17,849,999	153,147,175
Deferred tax asset	15	38,969,828	30,526,428
Total non-current assets		17,734,432,746	13,520,438,080
TOTAL ASSETS		28,873,206,519	20,649,538,050

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Financial Position As At 30 September 2022

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

LIABILITIES	Note	Unaudited/ Current period	Audited/ Prior period
		30 September 2022	31 December 2021
Current liabilities			
Short-term borrowings	7	2,140,598,966	1,923,308,435
Current portion of long-term borrowings	7	1,953,206,093	1,225,736,522
Short-term finance lease liabilities	7	4,905,481	7,580,536
- Finance lease liabilities from related parties		1,627,418	117,597
- Finance lease liabilities from third parties		3,278,063	7,462,939
Short-term portion of long-term finance lease liabilities	7	5,728,709	2,797,965
Trade payables		2,942,359,826	2,019,865,531
- Trade payables to related parties	4	67,256,932	89,599,642
- Trade payables to third parties	6	2,875,102,894	1,930,265,889
Payables related to employee benefits		34,278,146	18,189,037
Other payables		228,650,290	351,950,634
- Trade payables to related parties		22,000	-
- Other payables to third parties		228,628,290	351,950,634
Derivative instruments		-	83,074,399
Current tax liability		529,270,187	626,692,702
Short-term provisions		78,741,355	11,369,329
- Short-term provisions for employee benefits		5,456,121	2,401,040
- Other short-term provisions		73,285,234	8,968,289
Other current liabilities		476,919	1,305,233
Total current liabilities		7,918,215,972	6,271,870,323
Non-current liabilities			
Long-term borrowings	7	4,019,787,596	2,435,863,452
Long-term finance lease liabilities	7	84,515,687	67,437,608
Other payables		726,857,525	417,527,881
- Other payables to third parties		726,857,525	417,527,881
Long-term provisions		16,847,413	9,588,781
- Long-term provisions for employee benefits		16,847,413	9,588,781
Deferred tax liabilities	15	705,475,099	863,041,791
Total non-current liabilities		5,553,483,320	3,793,459,513
TOTAL LIABILITIES		13,471,699,292	10,065,329,836

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Financial Position As At 30 September 2022

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

EQUITY	Note	Unaudited/ Current period	Audited/ Prior period
		30 September 2022	31 December 2021
Equity attributable to holders’ of the company			
Paid-in capital	11	1,226,338,236	1,226,338,236
Share premiums	11	10,726,734	10,726,734
Accumulated other comprehensive income not to be reclassified in profit or loss		3,569,510,834	3,740,067,960
- Increase on revaluation of property, plant and equipment		3,569,507,223	3,740,064,349
- Gain on remeasurements of defined benefit plans		3,611	3,611
Accumulated other comprehensive income that will be reclassified in profit or loss		3,101,994,273	1,979,389,432
- Foreign currency translation differences		3,770,358,232	2,514,679,438
-Gain / (loss) of hedging reserve		(668,363,959)	(535,290,006)
Restricted reserves appropriated from profit	11	332,248,397	82,931,556
Prior years’ profit	11	1,833,604,355	932,614,285
Net profit for the period		3,912,756,492	1,679,749,785
Total equity attributable to equity holders of the Company		13,987,179,321	9,651,817,988
Non-controlling interests	11	1,414,327,906	932,390,226
Total equity		15,401,507,227	10,584,208,214
TOTAL LIABILITIES AND EQUITY		28,873,206,519	20,649,538,050

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Profit or Loss For The Nine-Months Period Ended 30 September 2022

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

		<i>Unaudited 1 January - 30 September 2022</i>	<i>Unaudited 1 January - 30 September 2021</i>	<i>Unaudited 1 July - 30 September 2022</i>	<i>Unaudited 1 July - 30 September 2021</i>
PROFIT OR LOSS:	<i>Note</i>				
Revenue	12	33,729,690,967	8,322,920,419	15,161,474,658	3,558,590,184
Cost of sales (-)	12	(29,275,713,694)	(6,863,297,266)	(13,559,926,222)	(3,003,949,219)
Gross profit		4,453,977,273	1,459,623,153	1,601,548,436	554,640,965
General administrative expenses (-)		(193,149,417)	(87,338,301)	(76,837,586)	(39,897,132)
Marketing expenses		(8,157,524)	(4,298,135)	(4,488,756)	(2,180,707)
Other income from operating activities		144,261,072	11,997,590	38,977,726	131,404
Other expenses from operating activities (-)		(118,951,172)	(28,011,769)	(33,088,216)	(11,579,872)
Operating profit		4,277,980,232	1,351,972,538	1,526,111,604	501,114,658
Impairment in accordance with TFRS 9		(31,222,981)	(8,080,827)	(7,281,669)	2,529,811
Income from investing activities		7,454,176	-	1,838,631	-
Operating profit before finance expenses		4,254,211,427	1,343,891,711	1,520,668,566	503,644,469
Finance income	13	1,533,470,064	179,984,683	625,884,031	60,498,060
Finance expenses (-)	14	(779,332,332)	(431,833,865)	(272,290,345)	(152,001,645)
Finance expenses, net		754,137,732	(251,849,182)	353,593,686	(91,503,585)
Profit before tax from continuing activities		5,008,349,159	1,092,042,529	1,874,262,252	412,140,884
Tax expense from continuing activities		(742,053,344)	(157,391,105)	(260,687,974)	(32,647,077)
- Current tax expense		(964,608,778)	(254,310,521)	(348,054,263)	(98,091,969)
- Deferred tax income	15	222,555,434	96,919,416	87,366,289	65,444,892
Profit for the period from continuing activities		4,266,295,815	934,651,424	1,613,574,278	379,493,807
Profit for the period attributable to:					
- Non-controlling interests		353,539,323	121,383,167	159,291,444	54,156,952
- Equity holders of the Company	16	3,912,756,492	813,268,257	1,454,282,834	325,336,855
Profit for the period		4,266,295,815	934,651,424	1,613,574,278	379,493,807
Earnings per share					
- Attributable to equity holders of the parent	16	3.191	1.326	1.186	0.531

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Other Comprehensive Income For The Nine-Months Period Ended 30 September 2022

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

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
		1 January - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2022	1 July - 30 September 2021
Other comprehensive income:	<i>Note</i>				
Profit for the period		4,266,295,815	934,651,424	1,613,574,278	379,493,807
Items that will not be reclassified to profit or loss:					
Increase on revaluation of property, plant and equipment		-	-	-	-
Loss on remeasurements of defined benefit plans		-	-	-	-
Taxes related to other comprehensive income not to be reclassified to profit or loss:					
- Deferred tax income/(loss)		-	-	-	-
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		1,384,077,151	511,509,656	183,368,497	14,382,854
Loss on cash flow hedging		(138,618,701)	(130,017,197)	16,769,863	7,946,451
Taxes related to other comprehensive income to be reclassified subsequently to profit or loss					
- Deferred tax income	15	5,544,748	5,200,687	(670,795)	(317,858)
Other comprehensive income		1,251,003,198	386,693,146	199,467,565	22,011,447
Total comprehensive income		5,517,299,013	1,321,344,570	1,813,041,843	401,505,254
Total comprehensive income attributable to					
Non-controlling interests		481,937,680	207,135,219	119,796,276	58,271,191
Equity holders of the parent		5,035,361,333	1,114,209,351	1,693,245,567	343,234,063
Total		5,517,299,013	1,321,344,570	1,813,041,843	401,505,254

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Changes in Equity For the Nine-Months Period Ended 30 September 2022

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

	Paid-in capital	Share premium	Other accumulated comprehensive income and expenses not to be reclassified in profit or loss		Other accumulated 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
			Gain/(loss) on remeasurements of defined benefit plans	Gains on revaluation of property, plant and equipment	Gain / (loss) of hedging reserves	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit / (losses)	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	-	-	-	-	(124,816,510)	425,757,604	-	-	813,268,257	1,114,209,351	207,135,219	1,321,344,570
- Transfers (**)	-	-	-	(70,930,322)	-	-	14,188,602	526,777,691	(470,035,971)	-	-	-
Balance as of 30 September 2021	613,169,118	247,403,635	145,139	2,125,192,942	(151,182,873)	946,097,109	82,931,556	656,369,924	813,268,257	5,333,394,807	613,293,946	5,946,688,753
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
- Dividends (*)	-	-	-	-	-	-	-	(700,000,000)	-	(700,000,000)	-	(700,000,000)
- Total comprehensive income	-	-	-	-	(133,073,953)	1,255,678,794	-	-	3,912,756,492	5,035,361,333	481,937,680	5,517,299,013
- Transfers (**)	-	-	-	(170,557,126)	-	-	249,316,841	1,600,990,070	(1,679,749,785)	-	-	-
Balance as of 30 September 2022	1,226,338,236	10,726,734	3,611	3,569,507,223	(668,363,959)	3,770,358,232	332,248,397	1,833,604,355	3,912,756,492	13,987,179,321	1,414,327,906	15,401,507,227

(*) At the Ordinary General Assembly Meeting held on July 19, 2022, distribution of 700.000.000 TL out of the net distributable period profit of 1.630.026.094 TL consisting of operations in 2021 as dividend, allocation of 63,868,309 TL as legal reserves, and allocation of the remanining 866,157,785 TL to extraordinary reserves have been approved.

(**) The transfer amounting to TL 170,557,126 shows the depreciation difference for the period in which the Group has incurred due to the value increase in property, plant and equipment (30 September 2021: TL 70,930,322).

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Cash Flows For the Nine-Months Period Ended 30 September 2022

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

	<i>Note</i>	<i>Unaudited 1 January - 30 September 2022</i>	<i>Unaudited 1 January - 30 September 2021</i>
A. Cash flows from operating activities		943,661,470	540,685,790
Profit for the period		4,266,295,815	934,651,424
Adjustments to reconcile net profit/loss to net cash:		374,489,518	1,151,733,034
Adjustments related to depreciation and amortization expenses		1,048,473,268	398,910,311
Adjustments related to provision for employee benefits		9,810,132	(2,160,273)
Adjustments related to interest expenses	14	645,111,404	351,941,855
Adjustments related to interest income	13	(409,229,470)	(145,976,225)
Adjustments related to expected provision losses		31,222,981	10,364,550
Adjustments related to legal cases		1,858,133	-
Adjustments related to impairment in inventories		4,351,442	358,036
Adjustments related to tax expense		742,053,344	157,391,105
Adjustments related to derivative transactions (income)/expense		(99,878,768)	(14,739,662)
Adjustments related to unrealized currency translation (gains)/losses		(1,599,282,948)	395,643,337
Adjustments related to other increase / (decrease) in working capital		(3,188,996,543)	(1,503,708,597)
(Increase)/decrease in inventories		(78,148,445)	(333,529,624)
Increase in trade receivables from third parties		(2,262,342,404)	(485,165,736)
(Increase)/decrease in trade receivables from related parties		(1,473,243,404)	(332,664,059)
(Increase)/decrease in other operating receivables from related parties		11,000,000	(13,260,249)
Increase in other operating receivables from third parties		(180,144,390)	(8,811,940)
Increase in trade payables to third parties		944,837,005	680,328,727
(Decrease)/increase in other operating payables to third parties		186,007,300	(31,008,853)
Increase/(decrease) in trade payables to related parties		(22,342,710)	9,801,569
(Decrease)/increase in other liabilities related to operations		(581,363,671)	(27,048,947)
Increase in prepaid expenses		72,593,108	(374,225,293)
Increase in financial investments		194,151,068	(588,124,192)
Cash generated from operating activities		(508,127,320)	(41,990,071)
Taxes paid		(507,424,928)	(41,857,937)
Provision for employee benefits paid		(702,392)	(132,134)
B. Cash flows used in investing activities		(1,674,551,390)	(1,244,336,489)
Cash outflows due to purchases of property, plant and equipment	8	(1,666,768,994)	(1,211,625,585)
Cash outflows due to purchases of intangible assets		(7,782,396)	(32,710,904)
C. Cash flows used in financing activities		1,052,397,753	786,124,714
Cash inflows from borrowings		4,876,277,290	2,889,942,829
Cash outflows from borrowings	20	(2,911,246,728)	(1,858,269,327)
Payment of obligations under finance liability		(19,704,824)	(15,171,046)
Dividend payments		(699,978,000)	-
Interest paid		(602,179,455)	(376,353,967)
Interest received		409,229,470	145,976,225
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		321,507,833	82,474,015
D. Cash and cash equivalents at the beginning of the period		527,522,186	316,771,798
Cash and cash equivalents at the end of the period (A+B+C+D)		849,030,019	399,245,813

As at 30 September 2022, the Group calculated expected credit loss amounting to TL 4,962,171 on cash and cash equivalents within the scope of TFRS 9 (30 September 2021: TL 2,821,591).

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 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 or energy production capacity to the customers.

The Company has been registered in Capital Markets Board (CMB) 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 30 September 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 Çıkmaşı, No:10, Kavacık-Beykoz, İstanbul / Turkey.

Aksa Enerji and its subsidiaries are collectively referred to as "the Group" in this report. As of 30 September 2022 and 31 December 2021, the details of the subsidiaries included in the consolidation are as follows:

Name of subsidiary – Foreign Branch	Principal activity	Place of operation	Group's effective share ratio (%)	Group's effective share ratio (%)
			30 September 2022	31 December 2021
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")	Electricity production	Mauritius	100.00	100.00
Rasa Enerji Üretim A.Ş. ("Rasa Enerji")	Electricity production	Turkey	99.99	99.99
Aksa Energy Company Congo ("Aksa Enerji Kongo") (**)	Electricity production	Congo	100.00	100.00
Aksa Energy Cameroon PLC ("Aksa Enerji Kamerun") (**)	Electricity production	Cameroon	75.00	75.00
Aksa Energy Tashkent FE LLC	Electricity production	Uzbekistan	100.00	100.00
Aksa Energy Bukhara FE LLC	Electricity production	Uzbekistan	100.00	100.00
Aksa Enerji Üretim A.Ş. Kazakistan Branch (**)	Electricity production	Kazakhstan	100.00	-

(*) Aksa Indonesia BV company changed its title in 2020 and continues its activities as Aksa Uzbekistan Investment BV.

(**) Related companies are in the investment period; as of 30 September 2022, electricity generation activities have not started.

As of 30 September 2022, the number of employees of the Group is 1,231 (31 December 2021: 1,030).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 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 Enerji Gana:

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. Unit of power plant with a capacity 192.5 MW 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").

Aksa Enerji – Kıbrıs ("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 B.V. has changed its trade name as Aksa Uzbekistan Investment B.V. Aksa Uzbekistan Investment B.V. is the partner of Aksa Energy Tashkent 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 license for the utilization 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 Unaudited Condensed Consolidated Financial Statements As At 30 September 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. İdil İki Enerji has a fuel oil fired power plant located in Şırnak with a capacity of 24 MW. The power plant was established and started electricity production in 2001. On 5 March 2010, Aksa Enerji acquired 99.99% of all shares of İdil İki İnşaat from Koni İnşaat. License of power plant has been cancelled on 7 February 2017 by the Company.

Rasa Enerji:

Rasa Enerji was established on 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. Rase 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.

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 Unaudited Condensed Consolidated Financial Statements As At 30 September 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. As of 30 September 2022, both two power plants continue their commercial generation activities.

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. As of 30 September 2022, Buhara power plant continues its commercial generation activities.

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

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

As of 30 September 2022, electricity production licenses held by the Group are as follows:

License owner	Location/country	Type of facility	Date of license	License Duration	The capacity of the plant (MWhe)
Aksa Enerji	KKTC	Fuel oil	1 April 2009	15+3	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	Gana	Fuel Oil	1 November 2017	6.5 years	370
Aksa Mali S.A	Mali	Fuel Oil	28 September 2017	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	Buhari	Natural Gas	20 January 2021	25 years	270
Aksa Energy Tashkent	Tashkent	Natural Gas	24 October 2020	25 years	470
Total					2,706

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 Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements

2.1 Basis of Presentation

a) Preparation of Financial Statements

Statement of compliance to TFRS

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

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

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

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

b) Adjustment of Financial Statements in Hyperinflationary Periods

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

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 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 condensed consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the followings

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

2.1 Basis of Presentation (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 Buhara B.V.	USD
Aksa Madagascar B.V.	USD
Aksa Mali S.A.	EUR
Aksaf Power	USD
Overseas Power	USD
Aksa Enerji Tashkent	USD
Aksa Buhara	USD
Aksa Enerji Kongo	USD
Aksa Madagaskar SAU	USD
Aksa Energy Kamerun	USD
Aksa Enerji Üretim A.Ş. Kazakistan Branch	USD

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

2.1 Basis of Presentation (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 its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

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

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

(ii) Subsidiaries

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

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

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

(iii) Loss of control

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

2.1 Basis of Presentation (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 condensed consolidated interim financial statements.

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

f f) Foreign currency

Foreign currency transactions

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

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

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

	<u>30 September 2022</u>	<u>31 December 2021</u>
EUR / TL	18,1395	15,0867
USD / TL	18,5187	13,3290
GHS/ USD	9,5614	5,9931
TL / USD	0,0539	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 Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

2.1 Basis of Presentation (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 Summary of the accounting policies

According to CMB, the entities have option to prepare interim financial statements prepared according to TAS 34 "Interim Financial Statements" as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 30 September 2022 as condensed.

Some of the disclosures and notes that are required to be included in TAS/IFRS financial statements under the CMB are summarized in accordance with TAS 34 or not included in the financial statements. The accompanying condensed financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2021. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 December 2021 consolidated financial statements are applied in the current period.

2.3 Standards issued but not yet effective and not early adopted

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3

Amendments to TAS 16

Amendments to TAS 37

Annual Improvements to TFRS Standards
2018-2020

Amendments to TFRS 16

Reference to the Conceptual Framework

Property, Plant and Equipment – Proceeds before Intended Use

Onerous Contracts – Cost of Fulfilling a Contract

Amendments to TFRS 1, TFRS 9 and TAS 41

COVID-19 Related Rent Concessions beyond 30 June 2021

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

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

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

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.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

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

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

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 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.

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>

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

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

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.

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

2.3 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 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.

The possible effects of the standards, amendments and improvements on the consolidated financial position and performance of the Group are being evaluated.

2.4 Significant accounting judgements, estimates and assumptions

Useful life of plant, property and equipment

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

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

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

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

2 Basis of presentation of the condensed consolidated financial statements (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Useful life of plant, property and equipment (continued)

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

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

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

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

Calculation of loss allowance

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

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

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

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

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

3 Operating Segments

The Group's authority to take decisions is the Board of Directors.

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 – 30 September 2022			
	Turkey (*)	Africa	Asia	Total
Total segment revenue	30,421,862,606	2,276,402,046	1,031,426,315	33,729,690,967
Profit before interest, tax, depreciation and amortization (EBITDA)	2,721,780,583	1,899,227,448	674,222,488	5,295,230,519
	1 January – 30 September 2021			
	Turkey (*)	Africa	Asia	Total
Total segment revenue	7,132,382,295	1,190,538,124	-	8,322,920,419
Profit before interest, tax, depreciation and amortization (EBITDA)	748,483,571	994,318,451	-	1,742,802,022
	1 January – 30 September 2022			
	Turkey (*)	Africa	Asia	Total
Reconciliation of EBITDA with profit before taxes:	2,721,780,583	1,899,227,448	674,222,488	5,295,230,519
Depreciation and amortization	(195,922,226)	(712,331,560)	(140,219,482)	(1,048,473,268)
Finance income/(expense), net	100,447,487	698,811,760	(45,121,515)	754,137,732
Income/(expense) from investing activities, net	7,454,176	-	-	7,454,176
Profit before tax	2,633,760,020	1,885,707,648	488,881,491	5,008,349,159
	1 January – 30 September 2021			
	Turkey (*)	Africa	Asia	Total
Reconciliation of EBITDA with profit before taxes:	748,483,571	994,318,451	-	1,742,802,022
Depreciation and amortization	(117,927,367)	(280,982,944)	-	(398,910,311)
Financing income/(expense), net	(241,602,866)	(10,246,316)	-	(251,849,182)
Profit before tax	388,953,338	703,089,191	-	1,092,042,529

(*) TRNC are shown in Turkey.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

3 Operating Segments (continued)

	30 September 2022			
	Turkey (*)	Africa	Asia	Total
Segment assets	12,407,397,264	7,802,988,550	8,662,820,705	28,873,206,519
Segment liabilities	9,546,828,178	2,294,163,708	1,630,707,406	13,471,699,292
	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 shown in Turkey.

4 Related party disclosures

(a) Related party balances

Short-term receivables from related parties as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022		31 December 2021	
	Trade	Other	Trade	Other
Short-term receivables				
Short-term receivables	2,239,392,555	47,618,465	766,149,151	58,618,465
Total	2,239,392,555	47,618,465	766,149,151	58,618,465

i) Receivables from related parties:

	30 September 2022		31 December 2021	
	Trade	Other	Trade	Other
Aksa Elektrik Satış A.Ş.	1,692,823,860	47,618,465	640,841,446	58,618,465
Fırat Elektrik Perakende Satış A.Ş.	377,237,694	-	75,890,670	-
Çoruh Elektrik Perakende Satış A.Ş.	90,853,004	-	230,030	-
Koni İnşaat Sanayi A.Ş.	49,310,507	-	19,561,673	-
Aksa Doğalgaz Toptan Satış A.Ş.	19,951,836	-	16,844,095	-
Flamingo Biyoyakıt Üretim ve Sanayi A.Ş.	-	-	4,482,079	-
Other	9,215,654	-	8,299,158	-
Total	2,239,392,555	47,618,465	766,149,151	58,618,465

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

4 Related party disclosures (continued)

(a) Related party balances (continued)

ii) Payables to related parties:

Short-term payables to related parties as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022		31 December 2021	
Short-term payables	Trade	Other	Trade	Other
Short-term payables	67,256,932	22,000	89,599,642	-
Total payables	67,256,932	22,000	89,599,642	-
	30 September 2022		31 December 2021	
	Trade	Other	Trade	Other
Aksa Şanlıurfa Doğalgaz Dağıtım A.Ş.	12,817,212	-	33,011,316	-
Aksa Power Generation FZE	9,436,938	-	-	-
Fırat Elektrik Perakende Satış A.Ş.	9,195,610	-	-	-
Aksa Jeneratör Sanayi A.Ş.	8,426,389	-	1,634,130	-
Atk Sigorta Aracılık Hiz. A.Ş.	6,105,379	-	10,562,372	-
Çoruh Elektrik Perakende Satış A.Ş.	5,741,466	-	11,454,578	-
Rasa Endüstriyel Radyatörler San. A.Ş.	2,819,663	-	9,643,737	-
Aksa Satış Pazarlama A.Ş.	1,605,301	-	-	-
Kazancı Holding A.Ş.	1,475,910	-	3,469,131	-
Koni İnşaat Sanayi A.Ş.	182,479	-	180,629	-
Aksa Elektrik Satış A.Ş.	-	-	2,612,715	-
Other	9,450,585	22,000	17,031,034	-
Total	67,256,932	22,000	89,599,642	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 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 – 30 September 2022										
	Electricity Sales	Electricity Purchases	Natural Gas Purchases	Interest Income	Interest Expense	Rent Expenses	General Administrative Expenses	Reflection of Common Expenses	Material Purchases	Material Sales	Other (Expense) / Income, Net
Aksa Elektrik Satış A.Ş.	6,001,377,066	1,872,154,176	-	117,723,625	1,418,151	-	-	-	-	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	-	-	-	-	-	-	5,206,965	-	-	-	-
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	-	2,633,678	6,082,189	-	-	-	-	-	-
Kazancı Holding A.Ş.	-	-	-	-	457,430	-	-	36,412,915	-	-	-
Koni İnşaat Sanayi A.Ş.	-	-	-	4,281,106	50,120	8,113,507	119,715	-	5,025	804	-
Aksa Jeneratör Sanayi A.Ş.	-	-	-	1,043,291	-	2,225,676	590,926	-	2,362,846	-	(108,384)
Flamingo Biyokütle Üretim Sanayi A.Ş.	-	-	-	91,940	-	-	-	-	-	-	-
Aksa Ankara Makine Sat. ve Servis A.Ş.	-	-	-	-	-	-	-	-	-	-	(93,802)
Çoruh Elektrik Perakende Satış A.Ş.	289,133,773	18,198,218	-	9,275,555	1,121,375	-	-	-	-	-	-
Fırat Elektrik Perakende Satış A.Ş.	409,983,942	65,900,628	-	34,444,734	-	-	-	-	-	-	-
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	1,135,773	-	-	-	-	-	-
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	388,526,553	-	4,653,917	-	-	-	-	-	-
Aksa Turizm İşletmeleri	-	-	-	-	1,026	-	-	-	-	-	-
Fırat Elektrik Dağıtım A.Ş.	-	-	-	-	40,102	-	-	-	-	-	-
Koni Teknik Mühendislik A.Ş.	-	-	-	14,830	-	-	-	-	-	-	-
Aksa Servis ve Kiralama A.Ş.	-	-	-	-	124,003	-	-	-	15,448,183	-	(1,510,235)
Aksa Elektrik Perakende Satış A.Ş.	43,489	-	-	-	-	-	-	-	-	-	-
Aksa Satış ve Pazarlama A.Ş.-Antalya Branch	-	-	-	-	14,990	-	573,922	-	-	-	-
Özcan Turizm ve Seyahat A.Ş.	-	-	-	8,530	-	-	30,815	-	-	-	-
Çoruh Elektrik Dağıtım A.Ş.	-	-	-	-	1,482	-	-	-	-	-	-
	6,700,538,270	1,956,253,022	388,526,553	169,517,289	15,100,558	10,339,183	6,522,343	36,412,915	17,816,054	804	(1,712,421)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

4 Related party disclosures (continued)

(b) Related party transactions (continued)

i) Purchases and sales from/to related parties: (continued)

	1 January – 30 September 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 Makine Sat. ve Servis A.Ş.	-	-	-	-	-	-	465	-	-	-	(11,932)
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	-	1,591,510	-	-	-	-	-	-	-
Aksa Doğal Gaz Dağıtım A.Ş.	-	-	177,775,023	362,003	-	-	-	-	-	-	-
Aksa Elektrik Satış A.Ş	240,292,464	92,771,585	-	41,586,179	-	-	-	-	-	-	3,725
Aksa Generators Ghana LTD.	-	-	-	-	-	-	-	-	-	55,027	7,156
Aksa Jeneratör Sanayi A.Ş.	-	-	-	109,609	165,318	-	4,098	-	27,103,699	-	(137,934)
Aksa Power Generation (Dubai)	-	-	-	-	-	-	-	-	40,506,178	-	(83,587)
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	57,040	-	32,540	-	-	-	(1,362)
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	42,122,232	-	1,091	-	-	-	1,392,522	-	(249,416)
Aksa Servis ve Kiralama A.Ş.	-	-	-	-	1,291	-	-	-	-	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	-	-	-	-	-	-	-	-	-	-	(123,837)
Çoruh Elektrik Dağıtım A.Ş.	-	-	-	151,964	-	-	-	-	-	-	-
Çoruh Elektrik Perakende Satış A.Ş.	58,112,507	4,164,926	-	1,098,828	554,106	-	-	-	-	-	-
Eurl Aksa Generateurs Algerie	-	-	-	-	-	-	-	-	87,715	-	-
Fırat Elektrik Dağıtım A.Ş.	-	-	-	109,628	-	-	-	-	-	-	-
Fırat Elektrik Perakende Satış A.Ş.	54,386,095	9,153,336	-	4,651,303	92,253	-	-	-	-	-	-
Flamingo Biyoyakıt Üretim Sanayi A.Ş.	-	-	-	326,486	-	-	-	-	-	-	-
Flamingo Enerji Üretim A.Ş.	-	-	-	152,613	-	-	-	-	-	-	-
Kazancı Holding A.Ş.	-	-	-	65,415,712	306,572	-	768,264	12,030,132	-	-	-
Koni İnşaat Sanayi A.Ş.	-	-	-	3,230,909	21,910	3,831,271	1,257,043	-	1,062,126	-	13,248
Koni Teknik Mühendislik A.Ş.	-	-	-	-	325,030	-	-	-	-	-	(5,207)
	352,791,066	106,089,847	219,897,255	118,786,744	1,524,611	3,831,271	2,062,410	12,030,132	70,152,240	55,027	(589,146)

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

The total amount of guarantees given by the shareholders and related parties in favor of the Group within the framework of the general loan agreements made against the loans used by the Group is TL 32,560,268,862 (31 December 2021: TL 26,832,754,001).

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

The Company's key management team consists of the members of the Board of Directors. Benefits provided to senior executives include benefits such as wages, premiums, health insurance and transportation. The total amount of benefits provided to senior managers during the period is TL 7,029,897 (30 September 2021: TL 2,801,581).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

5 Financial investments

Short-term financial investments	30 September 2022	31 December 2021
Blocked bank deposits (*)	-	592,983,082
Currency protected deposits (**)	398,832,014	-
Total	398,832,014	592,983,082

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

(**) The balance consist of currency protected deposit balances of 18,303,600 TL with a maturity date of 20 December 2022, 92,790,500 TL with a maturity date of 30 December 2022, 8,980,900 TL with a maturity date of 30 January 2023 and 278,427,000 TL with a maturity date of 29 March 2023.

Long-term financial assets	Acquisition %	30 September 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 to participate in the capital of Enerji Piyasaları İşletme A.Ş.

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

6 Trade receivables and payables

(a) Short-term trade receivables

As of 30 September 2022 and 31 December 2021, trade receivables from third parties consist of the following items:

Current trade receivables	30 September 2022	31 December 2021
Trade receivables from third parties	6,897,816,132	4,635,473,728
Trade receivables from related parties	2,239,392,555	766,149,151
Provision of expected credit losses (-)	(126,742,597)	(73,919,260)
Total trade receivables from third parties	9,010,466,090	5,327,703,619

Details on credit risk, currency risk and impairment of the Group's short-term trade receivables are explained in Note 18.

Movement of expected credit loss for the periods ended 30 September as follows:

	30 September 2022	31 December 2021
Balance as at 1 January	73,919,260	29,945,027
Provision made/(reversed) during the period	29,082,401	17,470,572
Foreign currency translation difference	23,740,936	26,503,661
Balance as at 30 September	126,742,597	73,919,260

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

6 Trade receivables and payables (continued)

(b) Short-term trade payables

As of 30 September 2022 and 31 December 2021, trade payables to third parties consist of the following items:

Current trade payables	30 September 2022	31 December 2021
Trade payables to third parties	2,875,102,894	1,930,265,889
Trade payables to related parties	67,256,932	89,599,642
Total trade payables	2,942,359,826	2,019,865,531

The foreign currency and liquidity risk regarding the short-term trade payables of the Group is explained in Note 18.

7 Borrowings

Short-term	30 September 2022	31 December 2021
Short-term bank borrowings	2,140,598,966	1,923,308,435
Short-term portion of long-term bank borrowings	1,953,206,093	1,225,736,522
Total Short-Term Borrowings	4,093,805,059	3,149,044,957
Long-term		
Long-term bank borrowings	4,019,787,596	2,435,863,452
Total Borrowings	8,113,592,655	5,584,908,409

The maturities and terms for the open borrowings as of 30 September 2022 and 31 December 2021 are as follows:

Currency	Interest rate	30 September 2022
TL	% 7,50 - %36	3,055,516,375
USD	SOFR6M + %6,35 , %6,726 - %8,50	5,058,076,280
Total		8,113,592,655
Currency	Interest rate	31 December 2021
TL	7.50% - 20.50%	1,777,418,624
USD	Libor 6M+6.35% - 8,00%	3,807,489,785
Total		5,584,908,409

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

7 Financial borrowings (continued)

30 September 2022			
Maturity	Currency	Currency amount	TL Amount
Less than 1 year	USD	108,217,863	2,002,441,693
	TL	2,091,363,366	2,091,363,366
1-2 Years	USD	66,909,386	1,238,077,894
	TL	545,365,802	545,365,802
2-3 Years	USD	48,271,307	893,202,604
	TL	338,213,452	338,213,452
3-4 Years	USD	26,791,407	495,742,839
	TL	80,573,764	80,573,764
4-5 Years	USD	17,544,175	324,633,911
+5 Years	USD	5,619,242	103,977,330
Total			8,113,592,655

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 Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

7 Borrowings (continued)

Details of the liquidity and exchange rate risk regarding the borrowings of the Group are explained in Note 18.

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 30 September 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	30 September 2022
TL	Fixed	25 March 2038	20.98%-29.40%	86,879,243
USD	Fixed	19 October 2039	3.24%-8.53%	7,038,096
EUR	Fixed	17 February 2023	3.81%-5.70%	1,232,538
Total				95,149,877

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

8 Property, plant and equipment

As of 30 September 2022 and 31 December 2021, property, plant and equipment consists of other tangible assets and mining assets.

	30 September 2022	31 December 2021
Property, plant and equipment	17,045,388,994	12,974,483,954
Mining assets	59,711,623	63,049,304
Total	17,105,100,617	13,037,533,258

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

8 Property, plant and equipment (continued)

a) Other tangible assets

	Land	Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
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	-	111,909,865	4,019,686	1,024,329,213	3,624,334	9,906,822	-	512,979,074	1,666,768,994
Transfers	-	-	-	254,990,527	-	-	-	(254,990,527)	-
Effect of movements in exchange rates	-	23,368,796	68,456,625	4,639,076,169	7,253,521	5,894,208	-	19,506,960	4,763,556,279
Closing balance as of 30 September 2022	134,304,805	158,330,880	311,339,516	22,703,131,304	30,917,171	44,828,927	26,843,084	536,339,187	23,946,034,874
Accumulated depreciation									
Opening balance as of 1 January 2022	-	6,675,076	107,090,065	4,383,308,737	9,853,762	25,205,844	9,092,163	-	4,541,225,647
Depreciation for the period	-	3,240,362	6,264,314	996,863,905	2,011,808	3,234,523	934,167	-	1,012,549,079
Effect of movements in exchange rates	-	1,781,304	36,669,134	1,298,796,094	3,868,321	5,756,301	-	-	1,346,871,154
Closing balance as of 30 September 2022	-	11,696,742	150,023,513	6,678,968,736	15,733,891	34,196,668	10,026,330	-	6,900,645,880
Net book value	134,304,805	146,634,138	161,316,003	16,024,162,568	15,183,280	10,632,259	16,816,754	536,339,187	17,045,388,994

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

8 Property, plant and equipment (continued)

a) Other tangible assets (continued)

	Land	Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
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	-	533,494	-	27,566,336	2,087,987	1,092,514	16,547	1,180,097,752	1,211,394,630
Transfers	-	-	-	175,041,690	-	(2,561,994)	-	(55,439,108)	117,040,588
Effect of movements in exchange rates	-	1,433,639	20,285,952	551,697,149	1,609,595	1,682,022	-	101,427,123	678,135,480
Closing balance as of 30 September 2021	93,035,084	15,757,082	158,338,375	8,396,811,745	12,778,691	20,137,692	26,831,635	1,515,937,817	10,239,628,121
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
Depreciation for the period	-	895,146	9,458,886	358,827,122	505,713	1,345,454	921,033	-	371,953,354
Transfers	-	-	-	-	-	(1,386,789)	-	-	(1,386,789)
Effect of movements in exchange rates	-	351,450	9,846,015	299,676,369	927,674	1,457,967	-	-	312,259,475
Closing balance as of 30 September 2021	-	5,101,572	69,395,258	3,208,896,155	6,294,870	18,353,085	8,798,364	-	3,316,839,304
Net book value	93,035,084	10,655,510	88,943,117	5,187,915,590	6,483,821	1,784,607	18,033,271	1,515,937,817	6,922,788,817

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

8 Property, plant and equipment (continued)

a) Other tangible assets (continued)

As of 30 September 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	30 September 2022	30 September 2021
Uzbekistan Investment	-	941.200.318
Ghana Investment	-	425.162.992
Other (*)	536,339,188	149.574.507
Total	536,339,188	1.515.937.817

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

b) Mining assets

As of 30 September 2022 and 31 December 2021, mining assets consist of mine site development and deferred mining costs.

Cost:	30 September 2022	31 December 2021
Stripping costs	115,799,383	115,799,383
Mining development assets	5,477,772	5,477,772
	121,277,155	121,277,155
Accumulated amortization:		
Stripping costs	61,333,199	57,995,518
Mining development assets	232,333	232,333
	61,565,532	58,227,851
Net book value	59,711,623	63,049,304

9 Right-of-Use Assets

As of 30 September 2022 and 30 September 2021, the details of the expenditures classified in the construction in progress item for the projects under construction are as follows:

	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	47,689,062	6,067,942	11,098,279	64,855,283
Changes in leases	25,991,334	314,448	5,463,860	31,769,642
Disposals	(21,465,186)	(1,560,129)	(4,791,377)	(27,816,692)
Amortization and depreciation for the period	(17,449,260)	(6,267,530)	(1,910,138)	(25,626,928)
Balance as of 30 September 2022	92,188,233	4,498,407	11,088,655	107,775,295

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

9 Right-of-use Assets (continued)

	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	893,572	151,904	-	1,045,476
Changes in leases	1,950,325	8,941,620	1,100,159	11,992,104
Disposals	(2,641,905)	-	-	(2,641,905)
Amortization and depreciation for the period	(5,079,517)	(6,915,357)	(1,626,287)	(13,621,161)
Balance as of 30 September 2021	65,297,472	3,353,261	1,647,808	70,298,541

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

10 Commitments

(a) Guarantees, pledges and mortgages given

As of 30 September 2022 and 31 December 2021, the table regarding the Group's guarantee, pledge and mortgage (GPM) position is as follows:

GPM Given by the Group	30 September 2022	31 December 2021
A. GPM given for companies own legal personality	7,513,925,615	2,598,914,607
B. GPM given in behalf of fully consolidated companies	12,319,484,802	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	19,833,410,417	11,115,856,965

The details of the letters of guarantee given by the Group as of 30 September 2022 and 31 December 2021 are as follows:

30 September 2022	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority	676,330,000	-	-	-	676,330,000
Electricity Distribution Companies	14,495,252	15,586,859	-	800,000	317,958,733
Turkey Electricity Transmission Corporation (TEIAS)	37,939,095	-	200,000	-	41,523,735
Turkish Coal Enterprises Institution (TKI)	13,130,573	-	-	-	13,130,573
Botaş-Petroleum Pipeline Corporation	665,042	-	-	-	665,042
Enforcement Offices	4,172,291	-	-	-	4,172,291
Other	29,071,037	3,061,212	370,000	-	92,346,683
Total	775,803,290	18,648,071	570,000	800,000	1,146,127,057

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

10 Commitments (continued)

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

31 December 2021	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority	86,548,000	-	-	-	86,548,000
Electricity Distribution Companies	154,635,676	11,484,824	-	-	307,716,900
Turkey Electricity Transmission Corporation (TEIAS)	15,892,458	-	400,000	-	21,927,138
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
Savings Deposit Insurance Fund of Turkey	86,000,000	-	-	-	86,000,000
Other	27,204,115	6,330,000	1,133,000	-	128,669,916
Total	356,279,161	17,814,824	1,533,000	-	644,064,981

(b) Guarantees received

The details of the letters of guarantee received by the Group as of 30 September 2022 and 31 December 2021 are as follows:

	TL	USD	EUR	30 September 2022 TL Equivalent
Type of Guarantees				
Letter of guarantee	280,967,018	48,847,356	2,800,459	380,007,560
Notes taken for collaterals	26,368,905	1,034,174	1,184,169	66,729,144
Cheques taken for collaterals	8,400,000	28,000	3,456,000	70,869,237
Mortgage	700,000	-	-	700,000
Total	316,435,923	49,909,530	7,440,628	518,305,941

	TL	USD	EUR	31 December 2021 TL Equivalent
Type of Guarantees				
Letter of guarantee	288,843,559	537,000	9,175,850	1,024,198,333
Notes taken for collaterals	20,690,375	10,360,106	903,471	47,627,343
Cheques taken for collaterals	25,633,508	1,034,174	1,112,269	44,291,068
Mortgage	635,397	-	71,900	700,000
Total	335,802,839	11,931,280	11,263,490	1,116,816,744

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

11 Share capital, reserves and other equity items

(a) Issued capital

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

As of 30 September 2022, the issued capital of the Company is TL 1,226,338,236 (31 December 2021: TL 1,226,338,236). The issued capital consists of 1,226,338,236 shares each with a nominal value of 1 TL (31 December 2021: 1,226,338,236).

The capital structure of the Group as of 30 September 2022 and 31 December 2021 is as follows:

Shareholders	30 September 2022		31 December 2021	
	Share rate (%)	Share Amount	Share rate (%)	Share Amount
Kazancı Holding	79.415	973,901,660	79.415	973,901,660
Publicly Traded (*)	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. As of 30 September 2022, these shares are 9,917,924 (31 December 2021: 9,917,924).

The details of the shares on a group basis as of 30 September 2022 and 31 December 2021 are as follows:

Group	30 September 2022		31 December 2021	
	Share rate (%)	Share Amount	Share rate (%)	Share Amount
A Group (Registered share)	47.93	587,792,440	47.93	587,792,440
B Group (Bearer share)	52.07	638,545,796	52.07	638,545,796
Paid in Capital	100.00	1,226,338,236	100.00	1,226,338,236

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

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

(a) Issued capital *(cont'd)*

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

(b) Share premium

The difference between the nominal value of each share and the selling price is recognized as the share premium in equity. As of 30 September 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.

(d) Hedging reserve:

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

(e) Foreign currency translation differences:

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

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

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

(g) Restricted reserves appropriated from profit:

i) Legal reserves:

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company's capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributions in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 30 September 2022, the Group's total legal reserves are TL 332,248,397 (31 December 2021: TL 82,931,556).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

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

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 condensed 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 condensed 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 July 19, 2022, distribution of 700.000.000 TL out of the net distributable period profit of 1.630.026.094 TL consisting of operations in 2021 as dividend, allocation of 63,868,309 TL as legal reserves, and allocation of the remaining 866,157,785 TL to extraordinary reserves have been approved.

(h) *Non-controlling interests:*

The parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item under equity in the consolidated statement of financial position. As of 30 September 2022 and 31 December 2021, the amounts classified under the line item "Non-controlling interests" in the consolidated statement of financial position are positive TL 1,414,327,906 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 30 September 2022 and 30 September 2021, the profit and loss of non-controlling interests out of the total comprehensive income is TL 481,937,680 and TL 207,135,219 respectively, within the item "Non-controlling interests".

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

Accumulated profits/losses other than net profit for the period are offset in this item. Extraordinary reserves that are in the nature of accumulated profit/loss are also considered as retained earnings and presented in this item. As of 30 September 2022, the Group's prior years' profit is TL 1,833,604,355 (31 December 2021: prior years' profit is TL 932,614,285).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

12 Revenue

Revenue for the nine-month accounting period ended 1 January – 30 September is as follows:

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Domestic sales	30,421,862,606	7,132,382,295	13,845,505,408	3,159,925,223
Foreign sales	3,307,828,361	1,190,538,124	1,315,969,250	398,664,961
Net sales income	33,729,690,967	8,322,920,419	15,161,474,658	3,558,590,184
Cost of sales (-)	(29,275,713,694)	(6,863,297,266)	(13,559,926,222)	(3,003,949,219)
Gross profit	4,453,977,273	1,459,623,153	1,601,548,436	554,640,965

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

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Sales income – Amount				
Electricity	33,729,517,478	8,321,154,715	15,161,474,658	3,557,640,713
Other	173,489	1,765,704	-	949,471
Total	33,729,690,967	8,322,920,419	15,161,474,658	3,558,590,184
Gross profit				
Electricity	4,453,935,178	1,459,313,495	1,601,548,436	554,486,350
Other	42,095	309,658	-	154,615
Total	4,453,977,273	1,459,623,153	1,601,548,436	554,640,965

13 Finance income

Finance income for the three-month accounting period 1 January – 30 September is as follows:

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Finance income				
Interest and delay interest income	409,229,470	145,976,225	134,581,765	40,360,280
Foreign currency difference income / (expense) – net (*)	1,043,299,049	29,527,626	475,949,760	18,176,032
Derivative transaction income	80,941,545	4,480,832	15,352,506	1,961,748
Total	1,533,470,064	179,984,683	625,884,031	60,498,060

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

14 Finance expenses

Financial expenses for the three accounting period 1 January – 30 September are as follows:

	1 January- 30 September 2022	January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Interest and delay interest expenses	645,111,404	351,941,855	237,312,800	139,013,368
Foreign currency difference income / (expense) – net (*)	58,464,187	45,220,126	8,334,797	(141,789)
Derivative transaction expenses	31,863,214	14,961,395	11,356,013	4,956,989
Other	43,893,527	19,710,489	15,286,735	8,173,077
Total	779,332,332	431,833,865	272,290,345	152,001,645

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

15 Taxation

Turkey

Corporate tax

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

The corporate tax rate for the fiscal year is 23% in Turkey (2021: 25%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 23% (2021: 25%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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

Income tax withholding

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

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

15 **Taxation** (*continued*)

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

Republic of Mauritius

There is no corporate tax in Mauritius (31 December 2021: none)

Republic of Mali

The applicable corporate tax rate in Mali 25% (31 December 2021: 25%).

Madagascar

The applicable corporate tax rate in Madagascar 20% (31 December 2021: 20%).

Uzbekistan

The applicable corporate tax rate in Uzbekistan 15% (31 December 2021: 15%). The corporate tax rate for 2021 is applied to the tax base to be calculated by adding the expenses that are not accepted as deductible in accordance with the tax laws to the trade income of the institutions and deducting the exemptions in the tax laws.

Deferred tax assets and liabilities

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

15 Taxation (continued)

Deferred tax assets and liabilities recognized

As of 30 September 2022 and 31 December 2021, items of deferred tax assets and deferred tax liabilities consist of the following:

	30 September 2022	31 December 2021
	Asset / (Liability)	Asset / (Liability)
The difference between carrying values of property, plant and equipment and intangible assets and tax base	(736,921,368)	(882,750,364)
Unused losses carried forward	-	3,119,572
Adjustments under TFRS 9	45,355,634	25,638,276
Provision for impairment of inventory	1,180,599	108,754
Provision for employment termination benefit	4,262,610	2,419,288
Provision for unused vacation	786,042	124,958
Provision for legal cases	1,201,071	1,164,767
Derivative transactions	17,117,402	24,300,080
Adjustment related to interest discount for bank loans	(274,346)	4,621,300
Other	787,085	(11,261,994)
Net deferred tax asset/(liabilities)	(666,505,271)	(832,515,363)
Deferred tax asset	38,969,828	30,526,428
Deferred tax liabilities	(705,475,099)	(863,041,791)
	(666,505,271)	(832,515,363)

The movement of deferred tax for the years 30 September 2022 and 2021 is as follows:

	1 January 2022	Effects of foreign currency translation	Recognized in profit or loss	Recognized in other comprehensive income	30 September 2022
Total deferred tax asset/(liabilities)	(832,515,363)	(62,090,089)	222,555,434	5,544,747	(666,505,271)
	1 January 2021	Effects of foreign currency translation	Recognized in profit or loss	Recognized in other comprehensive income	30 September 2021
Total deferred tax asset/(liabilities)	(403,214,163)	(25,252,836)	96,919,416	5,200,687	(326,346,896)

16 Earnings per share

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

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July 30 September 2021
Profit for the period attributable to equity holders	3,912,756,492	813,268,257	1,454,282,834	325,336,855
Weighted average number of common shares issued	1,226,338,236	613,169,118	1,226,338,236	613,169,118
Profit per share with nominal value of TL 1	3.191	1.326	1.186	0.531

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

17 Financial instruments

Group risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

The Board of Directors 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 Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

17 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 Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

18 Nature and level of risks arising from financial instruments

Credit risk

Carrying value of financial assets shows the maximum credit risk of the Group. The table below shows the details of the values exposed to maximum credit risk as of 30 September 2022 and 31 December 2021:

	Receivables				Deposits at banks	Other
30 September 2022	Trade receivables		Other receivables			
	Related Parties	Other	Related Parties	Other		
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)	2,239,392,555	6,771,073,535	47,618,465	234,485,725	841,504,299	398,833,334
A. Carrying amount of financial assets not overdue or not impaired	2,239,392,555	5,054,119,167	47,618,465	179,023,637	841,504,299	398,833,334
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	-	1,716,954,368	-	55,462,088	-	-
D. Carrying amount of assets impaired	-	-	-	-	-	-
- Overdue (gross book value)	-	126,742,597	-	-	4,962,171	-
- Impairment (-)	-	(126,742,597)	-	-	(4,962,171)	-
E. Off balance sheet items with credit risk	-	-	-	-	-	-

31 December 2021	Receivables				Deposits at banks	Other
	Trade receivables		Other receivables			
	Related Parties	Other	Related Parties	Other		
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	4,421,069,793	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	-	140,484,675	-	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 Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

18 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 30 September 2022 and 31 December 2021, are as follows:

30 September 2022	Carrying amount	Contractual cash flows (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	8,208,742,532	9,579,840,074	638,152,455	3,733,699,370	4,898,679,494	309,308,755
Financial liabilities	8,113,592,655	9,274,350,921	621,542,425	3,713,324,883	4,808,550,210	130,933,403
Leases	95,149,877	305,489,153	16,610,030	20,374,487	90,129,284	178,375,352
Derivative financial assets, net	(20,663,864)	(26,875,420)	-	(16,060,539)	(10,814,881)	-
Cash inflows	-	1,331,416	-	795,644	535,772	-
Cash outflows	-	(28,206,836)	-	(16,856,183)	(11,350,653)	-

Expected maturity	Carrying amount	Total expected cash flows (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	3,897,867,641	3,897,867,641	3,158,805,283	12,204,833	726,857,525	-
Trade payables to related parties	67,256,932	67,256,932	67,256,932	-	-	-
Trade payables to third parties	2,875,102,894	2,875,102,894	2,875,102,894	-	-	-
Trade payables to related parties	22,000	22,000	22,000	-	-	-
Other payables to third parties	955,485,815	955,485,815	216,423,457	12,204,833	726,857,525	-

31 December 2021	Carrying amount	Contractual cash flows (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	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	(23,167,660)	(9,027,740)	(7,712,683)	(6,427,237)	-
Cash inflow	-	1,168,545	468,050	382,089	318,406	-
Cash outflow	-	(24,336,205)	(9,495,790)	(8,094,772)	(6,745,643)	-

Expected maturity	Carrying amount	Total expected cash flows (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	2,789,344,046	2,789,344,046	2,338,493,665	33,322,500	417,527,881	-
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	318,628,134	33,322,500	417,527,881	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

18 Nature and level of risks arising from financial instruments (*continued*)

Market risk

Foreign currency risk

As of 30 September 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 RISK					
	30 September 2022				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade receivables	8,328,704,236	377,860,009	74,576,068	1,937	9,447
2a. Monetary financial assets (including cash, bank accounts)	17,411,200	930,535	6,431	2,822	1,120
2b. Non-monetary financial assets	88,461	179	4,751	-	-
3. Other	17,968,347	680,871	299,592	-	-
4. Current assets (1+2+3)	8,364,172,244	379,471,594	74,886,842	4,759	10,567
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)	8,364,172,244	379,471,594	74,886,842	4,759	10,567
10. Trade payables	4,000,410,707	210,569,243	5,039,733	-	731,100
11. Financial liabilities	1,543,981,189	83,441,304	-	-	-
12a. Other monetary liabilities	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	5,544,391,896	294,010,547	5,039,733	-	731,100
14. Trade payables	-	-	-	-	-
15. Financial liabilities	1,287,727,924	69,592,620	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	1,287,727,924	69,592,620	-	-	-
18. Total liabilities (13+17)	6,832,119,820	363,603,167	5,039,733	-	731,100
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	1,168,655,653	63,157,603	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	2,700,708,077	79,026,030	69,847,109	4,759	(720,533)
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	1,513,995,617	15,187,377	69,542,766	4,759	(720,533)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

18 Nature and level of risks arising from financial instruments (*continued*)

Market risk (*cont'd*)

Foreign currency risk (*cont'd*)

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 RISK					
	31 December 2021				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade receivables	5,125,512,100	332,625,911	45,864,326	-	-
2a. Monetary financial assets (including cash, 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. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (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. Net foreign currency asset / (liability) position of monetary items (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 Unaudited Condensed Consolidated Financial Statements
As At 30 September 2022

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

18 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 revenues it generates. For short-term loans, borrowings are made in TL, EUR and USD balanced under the pool/portfolio model.

Sensitivity Analysis				
30 September 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
20% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	56,204,838	(56,204,838)	56,204,838	(56,204,838)
2- Portion secured from USD risk (-)	233,731,131	(233,731,131)	233,731,131	(233,731,131)
3- USD net effect (1 +2)	289,935,969	(289,935,969)	289,935,969	(289,935,969)
20% appreciation / depreciation of TL against EUR				
4 - EUR net asset / liability	249,285,780	(249,285,780)	249,285,780	(249,285,780)
5 - Portion secured from EUR risk (-)	-	-	-	-
6 - EUR net effect (4+5)	249,285,780	(249,285,780)	249,285,780	(249,285,780)
20% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(2,691,495)	2,691,495	(2,691,495)	2,691,495
8- Portion secured from other currency risk (-)	-	-	-	-
9- Other currency net effect (7+8)	(2,691,495)	2,691,495	(2,691,495)	2,691,495
Total (3+6+9)	536,530,254	(536,530,254)	536,530,254	(536,530,254)

Sensitivity Analysis				
31 December 2021				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	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 TL against EUR				
4 - EUR net asset / liability	111,946,503	(111,946,503)	111,946,503	(111,946,503)
5 - Portion secured from EUR risk (-)	-	-	-	-
6 - EUR 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)	425,582,337	(425,582,337)	425,582,337	(425,582,337)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

18 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		
	30 September 2022	31 December 2021
Fixed rate instruments		
Financial assets	935,229,737	252,843,974
Financial liabilities	5,190,588,022	4,268,746,772
Financial lease	95,149,877	77,816,109
Floating rate instruments		
Financial liabilities	2,923,004,633	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 30 September 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
30 September 2022				
Floating rate financial instruments	(35,075,020)	35,004,111	(35,075,020)	35,004,111
Cash flow sensitivity (net)	(70,909)		(70,909)	
30 September 2021				
Floating rate financial instruments	(23,143,179)	23,273,655	(23,143,179)	23,273,655
Cash flow sensitivity (net)	130,476	-	130,476	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

18 Nature and level of risks arising from financial instruments (continued)

Market risk (cont'd)

Interest rate risk

Capital risk management

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

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

Net debt/invested capital ratios as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Total financial liabilities	8,208,742,532	5,662,724,518
Cash and banks	(1,242,899,862)	(1,117,683,677)
Net financial debt	6,965,842,670	4,545,040,841
Total equity	15,401,507,227	10,584,208,214
Net financial debt / equity ratio	45%	43%

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

Fair value

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

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

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

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

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

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

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

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

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

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

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.

<u>30 September 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
Derivative assets held for risk management and trading	-	20,663,864	-	20,663,864
Financial investments	-	398,832,014	-	398,832,014
Revalued property, plant and equipment	-	134,304,805	16,332,112,709	16,466,417,514
	-	553,800,683	16,332,112,709	16,885,913,392
Financial liabilities				
Derivative assets held for risk management	-	-	-	-
	-	-	-	-
 <u>31 December 2021</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Financial assets				
Derivative assets held for risk management and trading	-	3,859,495	-	3,859,495
Revalued 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)

20 Notes to the Statement of Cash Flows

Changes in the Group's obligations resulting from financing activities between 1 January – 30 September 2022 and 1 January 2021 – 30 September 2021 are as follows:

	<u>1 January 2022</u>	<u>Cash inflows</u>	<u>Cash outflows</u>	<u>Other non- cash movements</u>	<u>30 September 2022</u>
Financial borrowings	5,662,724,518	4,876,277,290	(2,930,951,552)	600,692,276	8,208,742,532
Total financial liabilities	5,662,724,518	4,876,277,290	(2,930,951,552)	600,692,276	8,208,742,532

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements As At 30 September 2022

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

20 Notes to the Statement of Cash Flows (*continued*)

	1 January 2021	Cash inflows	Cash outflows	Other non- cash movements	30 September 2021
Financial borrowings	2,946,323,862	2,889,942,829	(1,873,390,873)	322,893,787	4,285,769,605
Total financial liabilities	2,946,323,862	2,889,942,829	(1,873,390,873)	322,893,787	4,285,769,605

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

21 Events after the reporting period

As announced in our Public Disclosure dated October 21, 2022, Akse Aksen Enerji Ticareti A.Ş., a 100% subsidiary of Akse Enerji Üretim A.Ş. has applied to the Energy Market Regulatory Authority regarding 13 separate Electricity Storage Facility Project. Accordingly, it is planned to reach an electricity storage capacity of 1,813 MWe.

As announced in our Public Disclosure dated October 25, 2022, Akse Energy and Electricity Company of Ghana ("ECG") have signed a new USD based 15 year power purchase agreement regarding sale of electricity generated from 370 MW dual fuel (natural gas / heavy fuel oil) power plant.