Aydem Yenilenebilir Enerji
Anonim Şirketi and Its Subsidiaries

Interim Condensed Consolidated Financial Statements
As at and For the Nine – Month Period Ended
30 September 2024

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

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Interim condensed consolidated statement of financial position as at 30 September 2024
(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of September 30, 2024, unless otherwise indicated.)

		Unaudited	**Audited**
	Notes	**30 September 2024**	**31 December 2023**
ASSETS			
Current assets:			
Cash and cash equivalents	3	2,569,401,715	1,893,006,883
Financial investments	18	508,765,949	851,340,454
Trade receivables		2,757,400,864	2,718,667,934
- Due from related parties	*5*	*2,737,655,992*	*2,620,602,954*
- Due from third parties	*6*	*19,744,872*	*98,064,980*
Other receivables		136,857,149	891,199,002
- Due from related parties	*5*	*104,257,273*	*871,602,661*
- Due from third parties	*7*	*32,599,876*	*19,596,341*
Inventories	8	25,650,880	28,627,693
Prepaid expenses	17	154,343,245	54,675,909
Other current assets	13.1	176,607	57,859
Total current assets		**6,152,596,409**	**6,437,575,734**
Non-current assets:			
Other receivables		4,992,201	4,431,868
- Due from third parties	*7*	*4,992,201*	*4,431,868*
Property, plant and equipment	9.1	63,933,650,845	66,040,200,298
Right of use assets	9.2	310,835,717	345,249,500
Intangible assets	10	2,256,892,305	2,304,726,514
Prepaid expenses	17	353,517,361	370,240,726
Other non-current assets	13.2	36,206,227	45,143,514
Total non-current assets		**66,896,094,656**	**69,109,992,420**
Total assets		**73,048,691,065**	**75,547,568,154**

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

		Unaudited	**Audited**
	Notes	**30 September 2024**	**31 December 2023**
LIABILITIES			
Current liabilities:			
Short-term portion of long-term financial liabilities	14.1	5,990,478,888	2,031,175,883
Lease liabilities	14.2	27,799,925	22,587,178
Trade payables		288,108,292	547,791,510
- Due to related parties	*5*	*27,205,440*	*15,536,683*
- Due to third parties	*6*	*260,902,852*	*532,254,827*
Liabilities for employee benefits	12	36,947,668	15,983,726
Other payables		236,069	320,731
- Due to third parties	*7*	*236,069*	*320,731*
Current provisions		83,458,149	78,707,453
- Provisions for employee benefits	*11.1*	*71,827,470*	*60,053,177*
- Other short-term provisions	*11.1*	*11,630,679*	*18,654,276*
Other current liabilities	13.3	69,570,015	138,456,399
Total current liabilities		**6,496,599,006**	**2,835,022,880**
Non-current liabilities:			
Financial liabilities	14.1	16,974,582,503	25,274,906,340
Lease liabilities	14.2	30,970,243	51,447,840
Other payables		57,390,299	68,476,602
- Due to related parties	*5*	*57,390,299*	*68,476,602*
Non-current provisions		106,317,060	93,147,469
- Provisions for employee benefits	*11.4*	*106,317,060*	*93,147,469*
Deferred tax liabilities	20	7,702,553,883	8,340,284,474
Total non-current liabilities		**24,871,813,988**	**33,828,262,725**
Total liabilities		**31,368,412,994**	**36,663,285,605**

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

	Notes	Unaudited 30 September 2024	Audited 31 December 2023
EQUITY			
Paid-in capital		705,000,000	705,000,000
Adjustment to share capital		6,132,271,410	6,132,271,410
Share premiums		716,746,087	716,746,087
Treasury shares		(159,012,429)	(162,344,284)
Restricted reserves		226,204,622	187,370,399
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		1,714,148,678	1,823,618,505
- Gains on revaluation of property, plant and equipment		*1,819,614,994*	*1,903,027,663*
- Actuarial losses on defined benefit plans		*(105,466,316)*	*(79,409,158)*
Other comprehensive income that may be reclassified to loss or profit it subsequent periods		(16,821,293,643)	(16,602,886,804)
- Reserve of losses on cash flow hedge		*(16,821,293,643)*	*(16,602,886,804)*
Retained earnings		45,744,327,668	47,823,656,189
Net profit/(loss) for the period		3,421,885,678	(1,739,148,953)
Equity attributable to equity holders of the parent		**41,680,278,071**	**38,884,282,549**
Total equity		**41,680,278,071**	**38,884,282,549**
Total equity and liabilities		**73,048,691,065**	**75,547,568,154**

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

	Notes	Unaudited 1 January – 30 September 2024	Unaudited 1 July – 30 September 2024	Unaudited 1 January – 30 September 2023	Unaudited 1 July – 30 September 2023
LOSS OR PROFIT STATEMENT					
Revenue		5,122,881,842	1,313,071,166	6,785,749,740	2,149,373,113
Cost of sales		(3,579,899,497)	(1,156,249,465)	(3,905,674,489)	(1,304,599,206)
Gross profit		**1,542,982,345**	**156,821,701**	**2,880,075,251**	**844,773,907**
General administrative expenses		(417,804,653)	(167,154,180)	(710,274,002)	(124,811,827)
Other operating income		715,249,779	238,221,469	1,053,786,734	464,501,079
Other operating expenses		(9,352,350)	(7,364,028)	(65,662,187)	25,922,648
Operating profit		**1,831,075,121**	**220,524,962**	**3,157,925,796**	**1,210,385,807**
Income from investing activities		17,491,966	11,316,058	397,993,845	71,542,732
Expense from investing activities		(468,997,951)	(104,680,028)	(166,135,306)	-
Profit/(Loss) before financing income/(expense)		**1,379,569,136**	**127,160,992**	**3,389,784,335**	**1,281,928,539**
Gains/(losses) on net monetary position		5,964,357,661	1,553,440,849	10,972,976,327	6,497,391,277
Finance income	19	671,162,615	206,611,083	1,185,076,355	243,740,031
Finance expenses	19	(5,149,446,326)	(1,323,657,190)	(10,434,324,864)	(3,309,224,065)
Net finance income/(expense)		**1,486,073,950**	**436,394,742**	**1,723,727,818**	**3,431,907,243**
(Loss)/Gain before tax		**2,865,643,086**	**563,555,734**	**5,113,512,153**	**4,713,835,782**
Tax expense		**556,242,592**	**(355,842,176)**	**(1,129,772,541)**	**(885,927,227)**
- Deferred tax income/(expenses)	*20*	*556,242,592*	*(355,842,176)*	*(1,129,772,541)*	*(885,927,227)*
Net profit/(loss) for the period		**3,421,885,678**	**207,713,558**	**3,983,739,612**	**3,827,908,555**
(Loss)/Gain attributable to					
Equity holders of the parent		**3,421,885,678**	**207,713,558**	**3,983,739,612**	**3,827,908,555**
(Loss)/Gain earnings per share					
- (Loss)/Gain earnings per share	16	4.90	0.30	5.68	5.46
OTHER COMPREHENSIVE INCOME/(LOSS) STATEMENT					
Other comprehensive income that will not be reclassified to profit or loss		**(26,057,158)**	**3,128,628**	**(48,426,594)**	**(11,376,766)**
- Actuarial losses on defined benefit plans	11.4	(34,742,877)	4,171,504	(60,533,243)	(14,220,958)
- Total tax on remeasurement losses / gains on defined benefit plans		8,685,719	(1,042,876)	12,106,649	2,844,192
Other comprehensive income that will be reclassified to profit or loss		**(218,406,839)**	**(117,474,621)**	**(2,757,440,824)**	**(2,349,082)**
- Reserve of losses on cash flow hedge	14.1	(291,209,119)	(156,632,828)	(3,446,801,030)	(2,936,352)
- Tax related to other comprehensive income that will be reclassified to profit or loss		72,802,280	39,158,207	689,360,206	587,270
Other comprehensive income/(loss)		**(244,463,997)**	**(114,345,993)**	**(2,805,867,418)**	**(13,725,848)**
Total comprehensive income/(loss)		**3,177,421,681**	**93,367,565**	**1,177,872,194**	**3,814,182,707**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Interim condensed consolidated statement changes in equity for the six-month period ended 30 September 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of September 30, 2024, unless otherwise indicated.)

						Other comprehensive income that will not be reclassified to (loss) or profit		Other comprehensive income that will be reclassified to (loss) or profit			
	Paid-in capital	Adjustment to share capital	Share premiums	Treasury shares	Restricted reserves	Gains on revaluation of property, plant and equipment	Actuarial (loss)/gain on defined benefit plans	Reserve of (losses)/gains on cash flow hedge	Retained earnings	Net profit/ (loss) for the period	Total equity
Balance as of 1 January 2023	**705,000,000**	**6,132,271,410**	**716,746,087**	**-**	**25,026,115**	**1,756,052,679**	**(45,009,478)**	**(17,367,499,374**	**41,158,353,424**	**6,756,366,760**	**39,837,307,623**
Transfers	-	-	-	-	-	-	-	-	6,756,366,760	(6,756,366,760)	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	3,983,739,612	3,983,739,612
Other comprehensive income/(loss)	-	-	-	-	-	-	(48,426,594)	(2,757,440,824)	-	-	(2,805,867,418)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(48,426,594)**	**(2,757,440,824)**	**-**	**3,983,739,612**	**1,177,872,194**
Acquisition of own shares *	-	-	-	(162,344,284)	162,344,284	-	-	-	(162,344,284)	-	(162,344,284)
Depreciation transfers related to revaluation of property, plant and equipment	-	-	-	-	-	(31,617,119)	-	-	31,617,119	-	-
Balance as of 30 September 2023	**705,000,000**	**6,132,271,410**	**716,746,087**	**(162,344,284)**	**187,370,399**	**1,724,435,560**	**(93,436,072)**	**(20,124,940,198)**	**47,783,993,019**	**3,983,739,612**	**40,852,835,533**
Balance as of 1 January 2024	**705,000,000**	**6,132,271,410**	**716,746,087**	**(162,344,284)**	**187,370,399**	**1,903,027,663**	**(79,409,158)**	**(16,602,886,804)**	**47,823,656,189**	**(1,739,148,953)**	**38,884,282,549**
Transfers	-	-	-	-	38,834,223	-	-	-	(1,777,983,176)	1,739,148,953	-
Dividends	-	-	-	3,331,855	-	-	-	-	(384,758,014)	-	(381,426,159)
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	3,421,885,678	3,421,885,678
Other comprehensive income/(loss)	-	-	-	-	-	-	(26,057,158)	(218,406,839)	-	-	(244,463,997)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(26,057,158)**	**(218,406,839)**	**-**	**3,421,885,678**	**3,177,421,681**
Depreciation transfers related to revaluation of property, plant and equipment	-	-	-	-	-	(83,412,669)	-	-	83,412,669	-	-
Balance as of 30 September 2024	**705,000,000**	**6,132,271,410**	**716,746,087**	**(159,012,429)**	**226,204,622**	**1,819,614,994**	**(105,466,316)**	**(16,821,293,643)**	**45,744,327,668**	**3,421,885,678**	**41,680,278,071**

***** During the fiscal year that ends on September 30, 2023, the Company repurchased 6,105,026 shares for a total of TL 83,423,193 in shares. The "Repurchased Shares (-)" account shows TL 83,423,193 as the sum paid for the buyback of shares, or 0.8660% of the Company's capital. Reserve funds have been set aside in an amount equal to the acquisition values for the repurchased shares in compliance with Law No. 6102, Article 520. The aforementioned reserves are displayed in the "Restricted Reserves Allocated from Profit" account since they are only eliminated upon the transfer or cancellation of the repurchased shares.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Interim condensed consolidated statement of cash flows for the three-month period ended 30 September 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of September 30, 2024, unless otherwise indicated.)

	Notes	Unaudited 1 January- 30 September 2024	Unaudited 1 January- 30 September 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES		**3,971,272,856**	**5,874,715,360**
Net profit/(loss) for the period		**3,421,885,678**	**3,983,739,612**
Net profit/(loss) for the period adjustment to reconcile		**(368,904,512)**	**1,383,052,813**
Adjustment related to amortization and depreciation	9, 10	2,147,184,531	2,167,930,588
Adjustment related to provisions		51,447,761	49,775,851
Adjustment related to incomes / expenses of interest, net		1,298,180,679	1,273,928,141
Adjustment related to tax income / expense	20	(556,242,592)	1,129,772,541
Adjustment related to exchanges differences		3,530,403,241	8,919,831,854
Adjustment related to gains of sales of tangible and intangible assets, net		463,692,769	(5,577,057)
Adjustment to related party to interest incomes / expenses from related parties	19	(83,614,200)	(37,284,978)
Other adjustments to reconcile net income / expense		7,092,185	12,214,101
Monetary gains/(losses) on net monetary position		(7,227,048,886)	(12,127,538,228)
Changes in working capital		**954,016,168**	**532,301,000**
Related to increase / decrease in restricted accounts		552,543,920	592,402,949
Related to increase / decrease in trade receivables		44,708,158	324,954,610
Related to increase / decrease in other receivables		679,656,087	92,084,560
Related to increase / decrease in the inventories		2,976,813	(1,200,567)
Related to increase / decrease in trade payables		(259,683,218)	(410,370,773)
Related to increase / decrease in other payables		(87,149,534)	(66,922,132)
Related to increase / decrease in liabilities for employee benefits		20,963,942	1,352,353
Employee termination benefit paid		(35,724,478)	(24,378,065)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(318,853,667)**	**(2,413,845,064)**
Interest received		307,573,298	411,134,770
Inflow related to sales of tangible and intangible assets		104,751,182	515,689,672
Outflow related to purchase of tangible and intangible assets		(501,276,531)	(2,985,698,620)
Cash inflows arising from sale of shares or debt instruments of other businesses or funds		188,651,179	843,339,886
Cash outflows arising from acquisition of shares or debt instruments of other businesses or funds		(418,552,795)	(1,198,310,772)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(2,270,022,370)**	**(3,101,630,874)**
Cash inflow related to proceeds from borrowings	14.1	-	(746,189,829)
Cash outflow related to lease liabilities	14.2	(34,595,518)	(46,652,617)
Dividend paid		(381,426,159)	-
Cash outflows for the acquisition of own shares		-	(162,344,284)
Interest paid	14.1	(1,854,000,693)	(2,146,444,144)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**1,382,396,819**	**359,239,422**
D. EFFECT OF NET MONETARY POSITION DIFFERENCES GAINS (LOSSES) ON CASH AND CASH EQUIVALENTS		**(706,001,987)**	**(986,374,216)**
E. CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD		**1,893,006,883**	**2,896,299,052**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		**2,569,401,715**	**2,269,164,258**

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

1 Organization and nature of operations of the Group

Aydem Yenilenebilir Enerji Anonim Şirketi ("Aydem Yenilenebilir" or "the Company") was established on 6 July 1995 as Bereket Enerji Üretim Otoprodüktör Grubu Sanayi ve Ticaret Anonim Şirketi. The Company first changed its corporate name to Bereket Enerji Üretim Anonim Şirketi on 21 May 2004 and then on 27 December 2019, the Company changed again its corporate name to Aydem Yenilenebilir Enerji Anonim Şirketi. In 2019, the Company has been restructured in a way that it operates solely in renewable energy generation business. In relation to the restructuring process, Aydem Yenilenebilir has merged with all of its subsidiaries which are operating in renewable energy generation business and disposed the non-relevant operations and subsidiaries and became a pure renewable energy generation Company. The Company has started to be traded on Borsa Istanbul as of 29 April 2021.

In these consolidated financial statements, Aydem Yenilenebilir, its subsidiaries and its associate are referred to together as "the Group".

Aydem Yenilenebilir generates electricity from local renewable sources. The Group installed its first hydroelectric power plant ("HPP") on the Bereket Çayı stream and continues to generate electricity with hydro, wind ("WPP"), solar power plant ("SPP") and geothermal ("GPP") in different regions of the country.

The address of the registered office of the Group is as follows:

Adalet Mah. Hasan Gönüllü Bulvarı No:15/1 Merkezefendi, Denizli.

As of 30 September 2024, and 31 December 2023, the Group's subsidiaries ("subsidiaries") and their main business activities are as follows:

Subsidiaries	Location	Main Activities	Ownership Percentage	
			30 September 2024	31 December 2023
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. ("Ey-tur") /HPP	Kağızman/Kars	Electricity generation by hydropower	100%	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. ("Başat") / HPP	Üzümlü/Erzincan	Electricity generation by hydropower	100%	100%
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	İzmir	Trading of electricity	100%	100%
Akköprü Yenilenebilir Enerji A.Ş. ("Akköprü HPP") *	Muğla	Electricity generation by hydropower	100%	100%

* Akköprü HPP was established on 15 October 2021. The Group was awarded the Akköprü HPP with a capacity of 115 MW in the tender held by The Republic of Turkey Prime Ministry Privatization administration on 23 September 2021. However, the tender was cancelled on 19 January 2022 with the President's Decision and this decision was notified to Company on 24 January 2022.

1 Organization and nature of operations of the Group *(continued)*

As of 30 September 2024, and 31 December 2023, the number of employees of the Company and its subsidiaries and its associate are as shown in the table below:

The Company and its subsidiaries	30 September 2024	31 December 2023
Aydem Yenilenebilir	574	567
Sarı Perakende	-	-
Ey-Tur	-	-
Başat	-	-
Akköprü	-	-
Total	**574**	**567**

Laws and regulations affecting the business activities

The Group is subject to the regulation and board decisions communiques issued by the Energy Market Regulatory Authority (EMRA) and obliged to carry out electricity generation and sales activities in accordance with the Electricity Market Law No.6446 dated 14 March 2013 which entered into force with the Official Gazette No.28603 dated 30 March 2013.

List of shareholders

As of 30 September 2024, and 31 December 2023, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	30 September 2024		31 December 2023	
Shareholders	**TL**	**%**	**TL**	**%**
Aydem Enerji Yatırımları A.Ş.*	574,975,680	81.56%	574,975,680	81.56%
Publicly traded	130,000,000	18.44%	130,000,000	18.44%
Others	24,320	0.00%	24,320	0.00%
Total paid in capital	**705,000,000**	**100%**	**705,000,000**	**100%**
Adjustment to share capital **	6,132,271,410		6,132,271,410	
Total capital	**6,837,271,410**		**6,837,271,410**	

* Aydem Enerji Yatırımları A.Ş. is controlled by Aydem Holding A.Ş.
** Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital restated for the effects of inflation. Adjustment to share capital is not available for any other use except to be added to share capital.

As of 29 April 2021, the company started to be traded on Borsa Istanbul - Star Market.

Approval of consolidated financial statements:

Interim condensed consolidated financial statements prepared as of 30 September 2024 were approved for publication by the Board of Directors on 7 November 2024. The General Assembly have the right to amend the consolidated financial statements.

2 Basis of presentation of consolidated financial statements

2.1 Basic principles of presentation

The accompanying interim condensed consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 September 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

Consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" and the "Financial Statement Samples User Guide" published by the POA on July 3, 2024.

The Group and its subsidiaries and associate maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance.

The Ministry of Finance's Uniform Chart of Accounts, tax laws, and the Turkish Commercial Code ("TTK") serve as the foundation for the Group's accounting records and the preparation of statutory financial statements. Consolidated financial statements have been prepared using the historical cost principle, with the exception of the power plants that are reported under tangible fixed assets and are presented with their revalued amounts. The arrangements of the financial statements have taken into account the necessary corrections and classifications to guarantee accurate presentation in compliance with TFRS in necessary records.

Financial reporting in hyperinflationary economy

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

The accompanying financial statements are prepared on a historical cost basis, except for financial investments, derivative instruments measured at fair value and fixed assets and investment properties measured at revalued amounts.

Financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish lira and, as a result, are expressed in terms of purchasing power of Turkish lira as of 30 September 2024 as per TAS 29.

On the application of TAS 29, the entity used the conversion coefficient derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since 1 January 2005, were as follow:

2 Basis of presentation of consolidated financial statements *(continued)*

2.1 Basic principles of presentation *(continued)*

Financial reporting in hyperinflationary economy (continued)

Date	Index	Coefficient	Three Year Compound Interest Rate
30 September 2024	2,526.16	1.00000	%343
31 December 2023	1,859.38	1.35860	%268
30 September 2023	1,691.04	1.49385	%254

Assets and liabilities were separated into those that were monetary and non–monetary, with non–monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of 30 September 2024. Nonmonetary items which are not expressed in terms of measuring unit as of 30 September 2024 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e before 1 January 2005, were restated by applying the change in the CPI from 1 January 2005 to 30 September 2024.

2 Basis of presentation of consolidated financial statements *(continued)*

2.1 Basic principles of presentation *(continued)*

Financial reporting in hyperinflationary economy (continued)

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position.

The financial statements of subsidiaries whose functional currencies are not in the hyperinflationary economy are subject to IAS 21. In this context, TAS 29 has been applied only to subsidiaries resident in Turkey, and other subsidiaries and affiliates have been evaluated and accounted within the scope of TAS 21.

2.2 Functional and presentation currency

The Group has presented its interim condensed consolidated financial statements in TL, which is the functional currency of the Company and its subsidiaries as well as its associate.

Foreign currency transactions are translated into the functional currency (currencies other than TL) using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

2.3 Comparative Information and Correction of Prior Period Financial Statements

In order to enable the determination of financial status and performance trends, the Group's interim condensed financial statements are prepared comparatively with the previous period. Comparative information is rearranged or classified when necessary to ensure compliance with the presentation of current period financial statements.

There is no rearrangement or classification in the Group's interim condensed financial statements as of September 30, 2024.

2 Basis of presentation of consolidated financial statements *(continued)*

2.4 Basis of Consolidation

Consolidated financial statements include the financial statements of the company and its subsidiaries as of 30 September 2024. Subsidiaries are companies over which the Group has direct or indirect control over their operations. Control is provided if the Group meets the following conditions:

• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
• Exposure, or rights, to variable returns from its involvement with the investee
• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement(s) with the other vote holders of the investee
• Rights arising from other contractual arrangements
• The Group's voting rights and potential voting rights
• Events and conditions that may indicate whether the Group has the power to decide on management of operations (including voting at previous general assembly meetings)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2 Basis of presentation of consolidated financial statements *(continued)*

2.4 Basis of Consolidation *(continued)*

i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of TFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with TFRS 9. Other contingent consideration that is not within the scope of TFRS 9 is measured at fair value at each reporting.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2 Basis of presentation of consolidated financial statements *(continued)*

2.4 Basis of consolidation *(continued)*

iii) Associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Associates are accounted for equity method in the consolidated financial statements. Under equity method, investment in an associate is initially recognised at cost. After initial recognition, Group's share of the profit or loss of the investee, is recorded to the financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss within operating profit when the associate's main course of business is renewable energy generation and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

iv) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2 Basis of presentation of consolidated financial statements *(continued)*

2.4 Basis of consolidation *(continued)*

v) Partial share purchase and sale transactions with non-controlling interests

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. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

vi) Acquisition of companies under common control

For the accounting of business combinations under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with carrying values of historical TFRS financial statements, which were prepared for the purpose of consolidation of the ultimate parents' consolidated financial statements. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Share Premium / Discount".

vii) Eliminations

During the preparation of the consolidated financial statements, unrealized gains and losses arising from intra-group transactions between entities included in the consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

viii) Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.5 Going Concern

The consolidated financial statements have been prepared in accordance with the going concern principle.

2 Basis of presentation of consolidated financial statements *(continued)*

2.6 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 30 September 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2024

- Amendments to TAS 1 - Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 – Disclosures: Supplier Finance Arrangements

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

ii) Standards issued but not yet effective and not early adopted

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

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- TFRS 17 – The new Standard for insurance contracts
- Amendments to TAS 21 - Lack of exchangeability

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

iii)The amendments which are effective immediately upon issuance

- Amendments to TAS 12 – International Tax Reform – Pillar Two Model Rules

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

iv)The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements
- IFRS 9 and IFRS 7 Amendments – Classification and Measurement of Financial Instruments
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

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

2 Basis of presentation of consolidated financial statements *(continued)*

2.7 Summary of significant accounting policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity.
ii. has significant influence over the reporting entity.
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2 Basis of presentation of consolidated financial statements *(continued)*

2.7 Summary of significant accounting policies *(continued)*

<u>Property, plant and equipment</u>

Accounting and measurement

The Group, has adopted the revaluation method in accordance with TAS 16 for its entire power plants. Power plants are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Other tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is also stated at cost, net of accumulated impairment losses, if any. An investment in a power plant is classified as construction in progress during the physical construction process; when completed, it is transferred to the power plant class (Note 9.1) and recognized at fair value.

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipment consisting of the power plant as of 31 December 2023 and performed a detailed impairment analysis as of 30 September 2024. The Renewable Energy Group consist of power plants below:

Çırakdamı HPP, Dereli HPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, Mentaş HPP, Toros HPP, Göktaş I-II HPP, Aksu HPP, Akıncı HPP Uşak WPP, Yalova WPP, Söke WPP and Uşak SPP.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method over property, plant and equipment. Land is not depreciated on the basis that it has an indefinite life. Purchase costs are accounted by separating the land and building components in the purchases of buildings, including land.

The estimated useful lives of the significant property, plant and equipment as of 30 September 2024 are as follows:

	Years
Power plants	20-49

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

2 Basis of presentation of consolidated financial statements *(continued)*

2.7 Summary of significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Repair and maintenance costs are recognised in profit or loss as incurred.

A class of power plant is a grouping of assets of a similar nature and used in an entity's operations and contains land, buildings, machinery and equipment, furniture and fixtures.

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

Intangible assets

Accounting and measurement

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise rights to operate licenses and computer software.

Right to Operate Licences

The Adıgüzel HPP and Kemer HPP operating licences which has been obtained through Transfer of Operating Rights Agreement ("Agreement") with the Privatization Administration and the Electricity Generation Corporation ("EÜAŞ") are accounted as intangible assets.

Computer Software

Computer software are recognized at acquisition cost and amortized on a straight-line basis over their estimated useful lives of 3-15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Subsequent costs

Subsequent costs are capitalized only if they have an impact that increases the future economic benefits of the intangible assets to which they relate. All other expenditures are recognized in profit or loss when incurred.

Amortization

Intangible assets are recognized in profit or loss on a straight-line basis over their estimated useful lives starting from the date they are ready for use.

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

The estimated useful lives in the current periods are as follows:

	Years
Right to Operate Licences	12-49
Computer Software	3-15

2 Basis of presentation of consolidated financial statements *(continued)*

2.7 Summary of significant accounting policies *(continued)*

Financial liabilities

Non-derivative financial liabilities of the Group comprised of “borrowings”, “trade payables" and “other payables” in the statement of financial position

i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

ii. Borrowing costs

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

iii. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.8 Cash flow hedge transactions

For a hedge of foreign currency risk, the foreign currency component of a non-derivative financial asset or liability may be designated, as a hedging instrument. The foreign currency risk component of a non-derivative financial instrument is determined in accordance with TAS 21.

Accordingly, starting from 20 March 2021, the Company hedge the spot risk of highly probable forecast sales that are denominated in USD with its financial liability in the same foreign currency.

While the Company’s functional currency is TRY, the company is exposed to FX risks due to its finances and operations. The Company has outstanding USD debt due to power plant investments. The company also generates significant sales revenue in USD.

2 Basis of presentation of consolidated financial statements *(continued)*

2.8 Cash flow hedge transactions *(continued)*

The source of USD denominated revenue is sales of electricity generated via renewable power plants. Such production is incentivized in Turkey through a feed-in tariff mechanism (Council of Ministers Decree No.2013/5625). The kWh sale price of generated electricity is guaranteed in USD prices, whereas the amount of future renewable generation remains uncertain and depends on climate conditions and/or operational risks. The feed-in tariff ("FIT") revenues are calculated on a daily basis, and are aggregated at monthly intervals. This enables the Company to classify expected future revenues as a monthly stream of forecasted USD cash inflows for risk management purposes.

The Company's foreign currency risk management objective is to rely on natural currency hedges due to operations. It achieves this feat by aligning its forecasted USD inflows and its USD bond payments. Moreover, the forecasted USD inflows vs scheduled USD bond repayments constitute a hedged portfolio that allows a Cash Flow Hedge Accounting relationship to reduce the Company's income statement volatility. In particular, the Company associates its forecasted future USD cash inflows due to renewable-generated electricity sales, with its outstanding USD bonds. The Company is implementing Hedge Accounting under TFRS 9 to reflect its economic hedges onto financial reporting:

Hedge Accounting Component	Definition
Hedged Item	Forecasted future USD cash inflows due to FIT incentive
Hedging Instrument	USD denominated financial borrowings
Hedged Risk	Foreign exchange risk of forecasted future USD cash inflows due to FIT incentive

As of 30 September 2024, the amount of forecasted revenue under FIT and bilateral agreements are USD 214,840,669 whereas the total notional of the outstanding USD denominated bonds is USD 674,107,000. The Group designates USD 574,107,000 of this amount as part of its rebalanced hedge accounting relationship, per TFRS 9 6.2.4 (c). Due to under-hedged nature of the hedged-item, the Company achieves 1:1 hedge ratio with the hedging instrument at all times by way of re-balancing, in line with TFRS 9, 6.4.1.c.iii**.**

The maturity breakdown of the designated layer of the hedging instrument notional as of 30 September 2024 is provided below;

Payment Date	Principal Payment Amount
February 2025	57,410,700
August 2025	57,410,700
February 2026	57,410,700
August 2026	57,410,700
February 2027	344,464,200
Total	**574,107,000**

2 Basis of presentation of consolidated financial statements *(continued)*

2.8 Cash flow hedge transactions *(continued)*

The accounting treatment applied with respect to the cash flow hedge is as follows:

- The portion of the foreign exchange gain or loss of the hedging instrument (USD denominated bonds) that is determined to be an effective hedge is recognised in other comprehensive income ("OCI"), until the accompanying hedged item (forecasted USD cash inflows) occurs.
- Any ineffective portion of the hedge is recognized each reporting period in consolidated statement of profit or loss as "Finance Expenses / Foreign Exchange losses".
- The hedged item, revenue, is recognised in accordance with TFRS 15 and the settlement of the hedging instrument is realised through the repayments of the bond.
- Gains and losses deferred in OCI, remain in OCI until the cash flows associated with the hedged item occur. At the time when a forecast sale occurs, the respective amount of foreign exchange gain/loss is reclassified from OCI to profit or loss (within financial expense / "Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)") as a reclassification adjustment in the same periods during which the hedged expected forecasted sales affect profit or loss.
- If the cash flows are not expected to occur, then the corresponding 'previously effective' foreign exchange gain/loss in OCI are recycled immediately to consolidated statement of profit or loss as "Finance Expenses / Foreign Exchange losses transferred from equity (cash flow hedge)".

As of 30 September 2024, the hedge relationship has been measured as 35.14% effective. As a result of the sensitivity analysis performed on the forecasted revenue figures, the Group concluded that the 10% increase/decrease in the forecasts do not have a significant effect on the evaluation of the hedge effectiveness tests.

2 Basis of presentation of consolidated financial statements *(continued)*

2.9 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements:

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Note 5 – Trade receivables
Note 9 – Property, plant and equipment
Note 11 – Provisions
Note 2.7 – Cash flow hedge transactions
Note 20 – Taxation on income

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. The assumptions underlying estimates and estimates are constantly monitored. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2 Basis of presentation of consolidated financial statements *(continued)*

2.10 Revenue

The operations of the Group entities are regulated under Electricity Market Law No. 6446, the Regulation on Electricity Market License of EMRA, the Electricity Market Balancing and Settlement Regulation (“BSR”) and other related legislative provisions.

Electricity sales is recognised as revenue at the time of electricity delivery, on an accrual basis. In the case of revenue from feed-in-tariff (“FIT”), sale of electricity is recorded based upon output delivered at rates specified under FIT. In the case of revenue from other than FIT, sale of electricity is again recorded based upon output delivered but at market rates.

With EMRA's board decision dated March 17, 2022 and numbered 10866, "Procedures and Principles Regarding the Determination and Implementation of Resource Based Support Fee" was published. Pursuant to this decision, the Maximum Settlement Price (MSP) has been determined for the resource types used in the generation of electricity and is applied as a ceiling price in the electricity sales price for power plants not covered by FIT. The MSP is updated on a monthly basis by taking into account the commodity prices that are inputs to energy production and other parameters deemed appropriate by the Board in addition to one or more of the inflation and exchange rate parameters.

The MSP mechanism has been expired on 1 October 2023.

The company, related parties Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") and Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") sells electricity to companies within the scope of bilateral agreements. Bilateral agreements are commercial agreements made between real or legal persons, subject to the provisions of private law, regarding the purchase and sale of electrical energy or capacity and not subject to the approval of the Energy Market Regulatory Board. In bilateral agreements, conditions related to the supply of electrical energy such as unit price, price commitment, security fee conditions, contract duration are determined and signed.

2.11 Seasonal changes in operations

The Group's activities are not subject to seasonal fluctuations.

3 Cash and Cash Equivalents

As of September 30, 2024 and December 31, 2023 cash and cash equivalents are as follows:

	30 September 2024	31 December 2023
Cash at banks	2,569,351,603	1,893,006,883
- Time deposits	*2,542,718,717*	*1,891,985,077*
- Demand deposits	*26,632,886*	*1,021,806*
Cash	7,565	-
Other	42,547	-
	2,569,401,715	**1,893,006,883**

As of 30 September 2024, the interest rate of the Group's term TL denominated time deposits amounting is between 39% to 50,37% average maturity period is 3 days (31 December 2023: between 20% and 41% average maturity period is 20 days); US Dollars denominated time deposits amounting interest rate is between 1,5% to 6,3% average maturity period is 20 days (31 December 2023: between 2% and 4% average maturity period is 9 days), Euro denominated time deposits amounting interest rate is between 0,25% to %1,00 average maturity period is 3 days (31 December 2023: 1,5% average maturity period is 3 days).

4 Segment reporting

4.1 Statement of financial position

Financial information is provided on a power plant-by-power plant basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided to the members of the executive management includes results or operation, valuation gains and losses on power plants, assets and liabilities of each power plant. The individual properties are also monitored based on type of power plants such as Hydro, Wind, Geothermal and Solar. The Group management considers that it is appropriate to report the segments based on this aggregation, to monitor the financial performance.

Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

Company management preferred to use EBITDA in the evaluation of department performances in terms of comparability with companies in the same sector. EBITDA is not a measure of financial performance defined in TFRS. It may not be comparable to similar indicators defined by other companies.

The accounting policies adopted by each of the reportable segments are consistent with TFRS' used in preparation of consolidated financial statements of the Group. The detailed information regarding the reporting segments of Group is presented below:

4 Segment reporting *(continued)*

4.1 Statement of financial position *(continued)*

30 September 2024	Hydro Power Plants	Wind Power Plants	Solar Power Plant	Other	Unallocated *	Consolidated
Segment assets	51,788,359,999	9,653,042,566	3,046,029,631	182,056,656	8,379,202,213	73,048,691,065
Segment liabilities	26,108,502,442	5,010,807,014	2,323,360,838	12,185,741	(2,086,443,041)	31,368,412,994

31 December 2023	Hydro Power Plants	Wind Power Plants	Solar Power Plant	Other	Unallocated *	Consolidated
Segment assets	53,115,816,801	10,235,612,769	3,153,244,721	235,534,976	8,807,358,887	75,547,568,154
Segment liabilities	28,740,003,092	5,350,779,011	2,620,632,413	120,168	(48,249,079)	36,663,285,605

* Includes assets and liabilities which are not attributable to a reportable segment such as cash, trade receivables, other assets, trade payables, other liabilities, tax assets and liabilities, etc.

4 Segment reporting *(continued)*

4.2 Statement of profit or loss

1 January- 30 September 2024	**Hydro Power Plants**	**Wind Power Plants**	**Geothermal Power Plant**	**Solar Power Plant**	**Total Renewable Energy**	**Unallocated ***	**Consolidated**
Revenues	**3,457,099,893**	**1,311,531,034**	**18,048,837**	**336,202,078**	**5,122,881,842**	**-**	**5,122,881,842**
- Revenues from Feed in Tariff (FIT)	*264,325,854*	*1,311,531,034*	-	*336,202,078*	*1,912,058,966*	-	*1,912,058,966*
- Other than FIT	*3,192,774,039*	-	*18,048,837*	-	*3,210,822,876*	-	*3,210,822,876*
Cost of Sales	(2,004,906,200)	(976,254,665)	(26,674,409)	(143,299,998)	(3,151,135,272)	(428,764,225)	(3,579,899,497)
Operational Expenses/Income (incl. Other Expense and Income)	350,341,969	136,627,937	1,410,626	35,536,783	523,917,315	(235,824,539)	288,092,776
Earnings Before Interest and Taxes (EBIT)	**1,802,535,662**	**471,904,306**	**(7,214,946)**	**228,438,863**	**2,495,663,885**	**(664,588,764)**	**1,831,075,121**
Add-back, Depreciation & Amortization Expenses	1,086,701,932	517,194,799	-	97,890,961	1,701,787,692	445,396,839	2,147,184,531
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) **	**2,889,237,594**	**989,099,105**	**(7,214,946)**	**326,329,824**	**4,197,451,577**	**(219,191,925)**	**3,978,259,652**
Gains from investing activities	-	-	-	-	-	17,491,966	17,491,966
Expenses from investing activities ***	-	-	-	-	-	(468,997,951)	(468,997,951)
Finance income	-	-	-	-	-	671,162,615	671,162,615
Finance expense	-	-	-	-	-	(5,149,446,326)	(5,149,446,326)
Monetary gain/(loss)	-	-	-	-	-	5,964,357,661	5,964,357,661
Tax expense	-	-	-	-	-	556,242,592	556,242,592
Depreciation & amortization expenses	(1,086,701,932)	(517,194,799)	-	(97,890,961)	(1,701,787,692)	(445,396,839)	(2,147,184,531)
Net Profit for the Period							**3,421,885,678**

* Includes head office costs and expenses which is not attributable to a reportable segment. Operational expenses mainly consist of personnel expenses. Operational income is mainly composed of foreign exchange income related to trading activities.

** EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

*** An application was made to the Energy Market Regulatory Authority for the termination of the production licenses of Ey-Tur and Başat, subsidiaries of Aydem Yenilenebilir Enerji A.Ş. The termination request was approved by the board decision dated June 13, 2024. Based on the decision, the amount of TL 452,239,992 in the construction in progress account was recognized under expenses from investment activities.

4 Segment reporting *(continued)*

4.2 Statement of profit or loss *(continued)*

1 January- 30 September 2023	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	Solar Power Plant	Total Renewable Energy	Unallocated	Consolidated
Revenues	**5,247,591,169**	**1,249,683,090**	**31,667,498**	**256,807,983**	**6,785,749,740**	**-**	**6,785,749,740**
- Revenues from Feed in Tariff (FIT)	*1,395,440,442*	*772,487,907*	-	-	*2,167,928,349*	-	*2,167,928,349*
- Other than FIT	*3,852,150,727*	*477,195,183*	*31,667,498*	*256,807,983*	*4,617,821,391*	-	*4,617,821,391*
Cost of Sales	(2,335,893,831)	(976,164,587)	(52,637,943)	(115,977,949)	(3,480,674,310)	(425,000,179)	(3,905,674,489)
Operational Expenses/Income (incl. Other Expense and Income)	815,796,354	195,794,403	4,713,646	40,455,429	1,056,759,832	(778,909,287)	277,850,545
Earnings Before Interest and Taxes (EBIT)	**3,727,493,692**	**469,312,906**	**(16,256,799)**	**181,285,463**	**4,361,835,262**	**(1,203,909,466)**	**3,157,925,796**
Add-back, Depreciation & Amortization Expenses	1,440,772,847	480,466,155	18,726,239	96,010,572	2,035,975,813	131,954,775	2,167,930,588
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) **	**5,168,266,539**	**949,779,061**	**2,469,440**	**277,296,035**	**6,397,811,075**	**(1,071,954,691)**	**5,325,856,384**
Gains from investing activities	-	-	-	-	-	397,993,845	397,993,845
Expenses from investing activities	-	-	-	-	-	(166,135,306)	(166,135,306)
Finance income	-	-	-	-	-	1,185,076,355	1,185,076,355
Finance expense	-	-	-	-	-	(10,434,324,864)	(10,434,324,864)
Monetary gain/(loss)	-	-	-	-	-	10,972,976,327	10,972,976,327
Tax expense	-	-	-	-	-	(1,129,772,541)	(1,129,772,541)
Depreciation & amortization expenses	(1,440,772,847)	(480,466,155)	(18,726,239)	(96,010,572)	(2,035,975,813)	(131,954,775)	(2,167,930,588)
Net Profit for the Period							**3,983,739,612**

* Includes head office costs and expenses which is not attributable to a reportable segment. Operational expenses mainly consist of personnel expenses. Most of operational income is composed of foreign exchange income related to trading activities.

** EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

5 Related party disclosures

Aydem Holding A.Ş. ("Aydem Holding") is the ultimate parent company and controlling party of the Group.

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note.

1. Ultimate parent and its subsidiaries
2. Other companies controlled by the shareholders of Aydem Holding and other key persons.

Since the transactions between the Group and its subsidiaries, which are related parties of the Group, are eliminated during consolidation, they are not disclosed in this note.

The shareholders, key management personnel and members of the Board of Directors, their families and partners and entities controlled by the ultimate shareholders are considered and referred to as related parties in the consolidated financial statements. The Group companies have carried out various transactions with related parties during their operations.

Trade receivables from related parties generally arise from sale of electricity. Trade payables to related parties generally arise from the electricity purchases. The company, related parties Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") and Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") sells electricity to companies within the scope of bilateral agreements. Bilateral agreements are commercial agreements made between real or legal persons, subject to the provisions of private law, regarding the purchase and sale of electrical energy or capacity and not subject to the approval of the Energy Market Regulatory Board. In bilateral agreements, conditions related to the supply of electrical energy such as unit price, price commitment, security fee conditions, contract duration are determined and signed.

Other receivables from related parties arise from sale of subsidiary shares and amounts arisen from operational activities. At the end of each quarter period for other receivables and payables interest is accrued using market interest rates, which are determined using the Group external cost of borrowing.

5.1 Related party balances

As of 30 September 2024, and 31 December 2023, short-term trade receivables due from related parties are as follows:

	30 September 2024	**31 December 2023**
Aydem EPSAŞ (1)	1,787,504,899	2,309,544,413
Gediz EPSAŞ (1)	949,717,570	310,432,399
Other	433,523	626,142
	2,737,655,992	**2,620,602,954**

5 Related party disclosures *(continued)*

5.1 Related party balances *(continued)*

As of 30 September 2024, and 31 December 2023, short-term other receivables due from related parties are as follows:

	30 September 2024	31 December 2023
Aydem Holding (1) *	104,257,273	117,595,725
Aydem EPSAŞ (1)	-	754,006,936
	104,257,273	**871,602,661**

* Mainly consists of receivables related to the sale of 50% shares belonging to Yalova Karacabey.

As of 30 September 2024, and 31 December 2023, short-term trade payables due to related parties are as follows:

	30 September 2024	31 December 2023
Aydem Holding (1)	23,919,189	9,491,483
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	1,695,419	4,067,209
ADM Elektrik Dağıtım A.Ş. (“Adm EDAŞ”) (1)	1,387,459	1,854,048
Other	203,373	123,943
	27,205,440	**15,536,683**

As of 30 September 2024, and 31 December 2023 long-term other payables to related parties are as follows:

	30 September 2024	31 December 2023
Aydem EPSAŞ (1) *	57,390,299	68,476,602
	57,390,299	**68,476,602**

* Consists of acquisition of Düzce WPP through under common control business transaction. The payment term is 27 September 2029 according to agreement signed between the Group and Aydem EPSAŞ.

5 Related party disclosures *(continued)*

5.2 Related party transactions

For the period ended 30 September 2024 and 2023, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January-30 September 2024	1 January-30 September 2023
Gediz EPSAŞ (1) *	3,104,355,442	4,315,721,294
Aydem EPSAŞ (1) *	377,577,097	2,863,316,638
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla") (1) **	-	152,983,170
Adm EDAŞ (1)	-	5,864,893
Other	671,987	424,469
	3,482,604,526	**7,338,310,464**

* It consists of revenues related to electricity trade within the scope of bilateral agreements.

** It includes the sale amount of investment property. The sales profit of TL 60,287,266 related to the transaction was recognized in the income from investment activities line.

Since the price in the spot electricity market was higher than the AUF and YEKDEM electricity sales prices in the period ending on December 31, 2023, a completion payment was made to EPİAŞ for the difference. The difference between revenue and electricity sales arises from this payment..

Purchase of electricity and services	1 January-30 September 2024	1 January-30 September 2023
Aydem EPSAŞ (1)	166,503,993	175,715,812
Gediz EPSAŞ (1)	54,332,662	-
Aydem Holding (1)	93,695,105	359,771,324
GDZ Enerji (1)	46,508,240	32,647,867
Adm EDAŞ (1)	21,241,659	20,824,087
Parla Solar (1)	1,090,839	-
Yeni Filo A.Ş. (2)	904,978	1,525,534
Other	1,310,733	102,719
	385,588,209	**590,587,343**

Financing income	1 January-30 September 2024	1 January-30 September 2023
Aydem EPSAŞ (1) *	49,523,891	391,638,313
Aydem Holding (1)	6,855,345	2,215,681
Gediz EPSAŞ (1) *	19,614,362	236,603,072
Parla Solar (1)	7,620,602	-
Other	-	20,874
	83,614,200	**630,477,940**

5 Related party disclosures *(continued)*

5.2 Related party transactions (continued)

Other income	1 January- 30 September 2024	1 January- 30 September 2023
Aydem EPSAŞ [(1)] *	453,981,812	464,337,312
Gediz EPSAŞ [(1)] *	138,613,553	342,166,448
Parla Solar [(1)]	56,992,075	-
Aydem Holding [(1)]	80,005,225	4,131,954
Other	-	20,766
	729,592,665	**810,656,480**

* Consists of net foreign exchange income and late interest income regarding trade receivables.

The executive management of the Group is comprised of general manager and directors. For the period ended 30 September 2024 and 2023, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Benefits to key management personnel	35,242,083	32,454,813
	35,242,083	**32,454,813**

6 Trade receivables and payables

Short term trade receivables

As of 30 September 2024, and 31 December 2023, the Group's short-term trade receivables are as follows:

	30 September 2024	31 December 2023
Trade receivables due from related parties (Note 5)	2,737,655,992	2,620,602,954
Trade receivables due from third parties	26,987,803	107,659,064
	2,764,643,795	**2,728,262,018**
Less: Allowances for doubtful trade receivables	(7,242,931)	(9,594,084)
	2,757,400,864	**2,718,667,934**

As of 30 September 2024, and 31 December 2023, short-term receivables consist of the following items:

	30 September 2024	31 December 2023
Trade receivables related to electricity sales	2,745,380,444	2,648,398,377
Income accruals related to electricity sales *	12,020,420	70,269,557
Doubtful trade receivables	7,242,931	9,594,084
Allowances for doubtful trade receivables	(7,242,931)	(9,594,084)
	2,757,400,864	**2,718,667,934**

* Consists of the Group's unbilled receivables arising from the electricity sales.

6 Trade receivables and payables *(continued)*

Short term trade receivables *(continued)*

The movement of provisions for doubtful receivables for the period ended 30 September 2024 and 2023 are as follows:

	2024	**2023**
Opening balance (1 January)	**9,594,084**	**16,023,439**
Current provision	256,299	-
Provisions no longer required	(83,187)	(120,664)
Inflation effect	(2,524,265)	(5,238,016)
Closing balance (30 September)	**7,242,931**	**10,664,759**

Short term trade payables

As of 30 September 2024 and 31 December 2023, the Group's short-term trade payables are as follows:

	30 September 2024	**31 December 2023**
Trade payables from third parties	260,902,852	532,254,827
Trade payables due from related parties (Note 5)	27,205,440	15,536,683
	288,108,292	**547,791,510**

As of 30 September 2024 and 31 December 2023, short-term trade payables from third parties consist of the following items:

	30 September 2024	**31 December 2023**
Trade payables	213,307,815	447,469,989
Expense accruals	47,595,037	84,758,589
Other trade payables	-	26,249
	260,902,852	**532,254,827**

7 Other receivables and payables

Other short-term receivables

As of 30 September 2024 and 31 December 2023, the Group's short-term other receivables are as follows:

	30 September 2024	31 December 2023
Other receivables due from related parties (Note 5)	104,257,273	871,602,661
Other receivables due from third parties	32,599,876	19,596,341
	136,857,149	**891,199,002**

As of 30 September 2024 and 31 December 2023, short-term other receivables from third parties consist of the following items:

	30 September 2024	31 December 2023
Receivables from tax administration	32,447,684	19,459,171
Deposits & guarantees given	152,192	137,170
	32,599,876	**19,596,341**

Other long-term receivables

As of 30 September 2024 and 31 December 2023, other long-term receivables from third parties consist of the following items:

	30 September 2024	31 December 2023
Other receivables due from third parties	4,992,201	4,431,868
	4,992,201	**4,431,868**

7 Other receivables and payables *(continued)*

Other short-term payables

As of 30 September 2024 and 31 December 2023, the Group's short-term other payables are as follows:

	30 September 2024	31 December 2023
Other payables due to third parties	236,069	320,731
	236,069	**320,731**

As of 30 September 2024 and 31 December 2023, other short-term payables to third parties consist of the following items:

	30 September 2024	31 December 2023
Deposits and guarantees taken	235,709	320,242
Other payables	360	489
	236,069	**320,731**

8 Inventories

As of 30 September 2024 and 31 December 2023, inventories are composed of spare parts for property, plant and equipment:

	30 September 2024	31 December 2023
Spare parts *	25,650,880	28,627,693
	25,650,880	**28,627,693**

* Inventories consist of spare parts used in the maintenance of power plants and consumable materials.

As of 30 September 2024, there is no insurance coverage on the Group's inventories (31 December 2023: None).

As of 30 September 2024, there are no inventories presented as collateral for liabilities (31 December 2023: None).

9 Property, plant and equipment and right of use assets

9.1 Property, plant and equipment

The ending 30 September 2024 and 2023, movements of property, plant and equipment are as follows:

	Land	Power plants	Construction in progress *	Other	Total
Cost or valuation as of 1 January 2024	**47,707,058**	**92,069,284,162**	**1,691,962,430**	**272,356,073**	**94,081,309,723**
Additions	-	96,065,264	393,507,509	10,913,569	500,486,342
Disposals **	-	(96,656,862)	(515,718,025)	(141,776)	(612,516,663)
Cost or valuation as of 30 September 2024	**47,707,058**	**92,068,692,564**	**1,569,751,914**	**283,127,866**	**93,969,279,402**
Accumulated depreciation as of 1 January 2024	**-**	**(27,841,860,536)**	**-**	**(199,248,888)**	**(28,041,109,424)**
Additions	-	(2,023,600,100)	-	(14,991,745)	(2,038,591,845)
Disposals	-	43,966,796	-	105,916	44,072,712
Accumulated depreciation as of 30 September 2024	**-**	**(29,821,493,840)**	**-**	**(214,134,717)**	**(30,035,628,557)**
Net book value as of 30 September 2024	**47,707,058**	**62,247,198,724**	**1,569,751,914**	**68,993,149**	**63,933,650,845**

* Mainly consists of investments regarding hybrid solar and capacity increase.

**An application was made to the Energy Market Regulatory Authority for the termination of the production licenses of Ey-Tur and Başat, subsidiaries of Aydem Yenilenebilir Enerji A.Ş. The termination request was approved by the board decision dated September 13, 2024. Based on the decision, the amount of TL 452,239,992 in the construction in progress account was recognized under expenses from investment activities.

	Land	Power plants	Construction in progress *	Other	Total
Cost or valuation as of 1 January 2023	**47,707,058**	**96,720,522,510**	**1,868,079,096**	**253,646,075**	**98,889,954,739**
Additions	-	159,637,140	2,815,946,529	4,517,804	2,980,101,473
Disposals***	-	(522,075)	(411,241,593)	(132,762)	(411,896,430)
Transfers	-	2,087,054,659	(2,087,054,659)	-	-
Cost or valuation as of 30 September 2023	**47,707,058**	**98,966,692,234**	**2,185,729,373**	**258,031,117**	**101,458,159,782**
Accumulated depreciation as of 1 January 2023	**-**	**(28,075,697,630)**	**-**	**(180,719,071)**	**(28,256,416,701)**
Additions	-	(2,026,671,764)	-	(13,603,227)	(2,040,274,991)
Disposals	-	424,988	-	26,260	451,248
Accumulated depreciation as of 30 Jume 2023	**-**	**(30,101,944,406)**	**-**	**(194,296,038)**	**(30,296,240,444)**
Net book value as of 30 Jume 2023	**47,707,058**	**68,864,747,828**	**2,185,729,373**	**63,735,079**	**71,161,919,338**

*** Includes the amount related to the sale of Horsunlu geothermal operating license

Within the scope of TAS 23, interest amounting to TL 189,144,360 and exchange rate difference amounting to TL 442,584,723 were capitalized during the period.

As of 30 September 2024, there are pledges and mortgages on property, plant and equipment of the Group amounting to USD 1,248,750,000 in original currencies (31 December 2023: USD 1,248,750,000 in original currencies) in favor of lenders.

Total depreciation expense of property, plant and equipment amounting to TL 2,023,600,100 (30 September 2023: TL 2,026,671,764) has been reflected to cost of sales and amounting to TL 14,991,745 (30 September 2023: TL 13,603,227) has been reflected to general administration expense.

The Group determined that the power plants constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property and as also mentioned in Note 2, elected to use revaluation method for such assets.

9 Property, plant and equipment and right of use assets *(continued)*

9.2 Right of use assets

The Group has lease contracts for various items of plant, machinery, vehicles, land right of use and other equipment used in its operations.

For the period then ended as of 30 September 2024, movements of right of uses is as follows:

Cost as of 1 January 2024	**562,165,591**
Additions	25,554,506
Cost as of 30 September 2024	**587,720,097**
Accumulated depreciation as of 1 January 2024	**(216,916,091)**
Additions	(59,968,289)
Accumulated depreciation as of 30 September 2024	**(276,884,380)**
Net book value as of 30 September 2024	**310,835,717**

For the period then ended as of 30 September 2023, movements of right of uses is as follows:

Cost as of 1 January 2023	**468,997,413**
Additions	92,572,297
Cost as of 30 September 2023	**561,569,710**
Accumulated depreciation as of 1 January 2023	**(116,481,305)**
Additions	(79,316,312)
Accumulated depreciation as of 30 September 2023	**(195,797,617)**
Net book value as of 30 September 2023	**365,772,093**

Total depreciation expense of right of uses amounting to TL 43,451,295 (30 September 2023: 62,899,934) has been reflected to cost of sales and amounting to TL 16,516,994 (30 September 2023: TL 16,416,378) has been reflected to general administration expense.

10 Intangible assets

As of 5 May 2017, the Company has signed a Transfer of Operating Rights Agreement (“Agreement”) with the Privatization Administration and the Electricity Generation Corporation (“EÜAŞ”) for Adıgüzel and Kemer Hydroelectric Plants. According to the agreement, the Company obtained the operating rights of the plants for 49 years and is responsible for the transfer of EÜAŞ at the end of the period in a complete and a functional state. During the contract period, the Company has to carry out all the maintenance, repairs and improvements which are necessary to ensure the convenience and efficiency of the plants for the generation activity, at their own expense. The Company is responsible for any damages and losses that may occur in the generation facilities in general referred as “Power Plants”. During the contact period; the Company has to perform all kinds of additional facilities, the investment for rehabilitation and development in accordance with the legislation, and will obtain the approval of EÜAŞ during the works and procedures to be carried out within this framework. In addition, the company must obtain approval from EÜAŞ in case it wants to make investments and transactions for capacity changes.

As of the transfer date, it is EÜAŞ’s responsibility to monitor and solve the administrative, legal disputes regarding the ownership of the immovable on which plants are located and the immovable in use, that are available now or will arise after the transfer date and all responsibilities and obligations arising from this matter.

Intangible assets related to agreements are amortized until the end of the related contract period.

Although the Company has the right to obtain substantially all of the economic benefits from use of the asset, it does not have the right to manage the use of power plants according to Article 7 of the contract signed with the EÜAŞ. Therefore, the contract has not been considered as a lease contract under TFRS 16, On the other hand, the Agreement is not accounted within the scope of TFRIC 12 Service Concession Agreements because although the residual interest of the power plants belongs to EÜAŞ, EÜAŞ does not control at what price electricity will be sold.

10 Intangible assets *(continued)*

As of 30 September 2024 and 2023, movements of intangible assets are as follows:

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2024	**50,652,508**	**2,635,872,818**	**36,513,468**	**2,723,038,794**
Additions	790,189	-	-	790,189
Cost as of 30 September 2024	**51,442,697**	**2,635,872,818**	**36,513,468**	**2,723,828,983**
Accumulated depreciation as of 1 January 2024	**(32,281,917)**	**(358,622,153)**	**(27,408,211)**	**(418,312,281)**
Additions	(7,236,973)	(40,344,992)	(1,042,432)	(48,624,397)
Accumulated depreciation as of 30 September 2024	**(39,518,890)**	**(398,967,145)**	**(28,450,643)**	**(466,936,678)**
Net book value as of 30 September 2024	**11,923,807**	**2,236,905,673**	**8,062,825**	**2,256,892,305**

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2023	**42,289,084**	**2,635,872,818**	**35,460,282**	**2,713,622,184**
Additions	4,737,075	-	860,072	5,597,147
Cost as of 30 September 2023	**47,026,159**	**2,635,872,818**	**36,320,354**	**2,719,219,331**
Accumulated depreciation as of 1 January 2023	**(21,644,679)**	**(304,828,823)**	**(25,643,522)**	**(352,117,024)**
Additions	(6,638,989)	(40,344,992)	(1,355,304)	(48,339,285)
Accumulated depreciation as of 30 September 2023	**(28,283,668)**	**(345,173,815)**	**(26,998,826)**	**(400,456,309)**
Net book value as of 30 September 2023	**18,742,491**	**2,290,699,003**	**9,321,528**	**2,318,763,022**

Amortization expense of intangible assets amounting to TL 40,344,992 (30 September 2023: TL 40,344,992) has been reflected to cost of sales and amounting to TL 8,279,405 (30 September 2023: TL 7,994,293) has been reflected to general administrative expenses.

11 Provisions, contingent assets and liabilities

11.1 Short-term provisions

As of 30 September 2024 and 31 December 2023, the breakdown of short-term provisions are as follows:

	30 September 2024	**31 December 2023**
Short-term provisions for employee benefits	71,827,470	60,053,177
Provision for litigations	11,630,679	18,654,276
	83,458,149	**78,707,453**

Short-term provisions for employee benefits consist of unused vacation days provisions and premium provisions.

The movement table of unused vacation days provisions is as follows:

	2024	**2023**
Opening balance (1 January)	**20,779,103**	**16,827,174**
Net change in provision within the period	12,385,324	15,144,905
Inflation effect	(7,508,090)	(9,027,634)
Closing balance (30 September)	**25,656,337**	**22,944,445**

The movement table of premium provisions is as follows:

	2024	**2023**
Opening balance (1 January)	**39,274,072**	**33,760,328**
Net change in provision within the period	20,634,624	13,326,093
Inflation effect	(13,737,563)	(14,249,251)
Closing balance (30 September)	**46,171,133**	**32,837,170**

Other short-term provisions consist of provisions for ongoing litigations of the Group.

The movement table is as follows:

	2024	**2023**
Opening balance (1 January)	**18,654,276**	**27,894,096**
Net change in provision within the period	(2,131,077)	3,569,753
Inflation effect	(4,892,520)	(9,280,052)
Closing balance (30 September)	**11,630,679**	**22,183,797**

11 Provisions, contingent assets and liabilities *(continued)*

11.2 Contingent liabilities

As of 30 September 2024 and 31 December 2023, the Group's collateral/pledge/mortgage ("CPM") balances are as follows:

		30 September 2024	31 December 2023
	Currency	**TL Amount**	**TL Amount**
A. Guarantees given in the name of its own legal personality*	TL	-	-
	US Dollars	42,569,887,500	49,943,554,914
B. Guarantees given on behalf of the fully consolidated companies	TL	-	-
C. Total amount of CPM's given to other 3rd parties for the purpose of carrying out their ordinary commercial activities	TL	-	-
D. Other guarantees	TL	-	-
i. Guarantees given on behalf of the majority shareholder		-	-
ii. Guarantees given to on behalf of other group companies which are not in scope of B and C.	TL	-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.		-	-
Total		**42,569,887,500**	**49,943,554,914**

* On 2 December 2021, within the scope of the Eurobond, movable pledge was established on the Company's movable assets to form the guarantee of the bond issuance.

The Company are subject to litigation and regulatory proceedings in the normal course of the business. From time to time, The Company may be a party to legal proceedings, including, but not limited to, personal injury claims, commercial disputes, regulatory or administrative actions and employment matters. These proceedings may be brought by, among others, current, former or prospective employees, suppliers, governmental agencies or other third parties.

- Administrative fines and other administrative sanctions for all structures, with the decision of the Dalaman, Ortaca and Köyceğiz Municipal Committees, for alleged violation of the reconstruction legislation due to the absence of a building permit for Dalaman HPP 1-2-3-4-5 and Gökyar HPPs, Since these administrative actions are against the law and HPPs are public investments, they are exempt from construction permits. For this reason, lawsuits have been filed by the Company to the Administrative Courts for the cancellation of the transactions. As a result of the proceedings conducted by the courts, in 95 of these cases, the court decisions regarding the cancellation of the transaction in favor of the Company were notified to the Company, the court was decided one case rejected the transaction. Of the decisions given for the annulment of the aforementioned administrative transactions, in only 1 case, the request for annulment was rejected. Of the decisions on the annulment of administrative actions, 13 are under appeal at the Council of State and in 82 cases the annulment decisions have been finalized. The Company does not foresee any legal and financial risk in the form of any payment or penalty due to the administrative sanction decisions of the municipalities that have been decided to be cancelled.

11 Provisions, contingent assets and liabilities *(continued)*

11.2 Contingent liabilities *(continued)*

Within the scope of the authority granted by the Electricity Market Law, EMRA has decided on the Procedures and Principles Regarding the Determination and Implementation of Resource Based Support Fee ("Procedures and Principles") dated 17 March 2022 and numbered 10866. With the Board Decision dated 29 March 2022 and numbered 10887, amendments were made to the Procedures and Principles. Accordingly, it has been ruled that fixed price and approved bilateral agreements entered into the market management system, which is an operating system where all contracts in the market are entered for 1 February and later, before 8 March 2022 may be exempted if they are submitted to Enerji Piyasaları İşletme A.Ş. ("EPİAŞ") together with the information and documents specified in the Procedures and Principles. According to the regulation, the bilateral agreements that are included in the scope of exemption will not be subject to the support price debt amount application. Following the Company's exemption application, which was duly submitted in due time within the scope of the Procedures and Principles, after the necessary information and documents were examined by EPİAŞ, the Company was notified by official letter that the Company's exemption application was accepted. In the following period, the Company performed the bilateral agreement transactions regarding the exemption in accordance with the relevant Procedures and Principles. At the end of the first 6-month implementation period of April - September 2022, with EMRA's Board Decision dated 29 September 2022 and numbered 11269, paragraph 1 of Article 7 of the Procedures and Principles was amended to enter into force on 1 October 2022. With the amended version of the article, the term "fixed price bilateral agreements" has been extended to include agreements up to the final consumer. On 13 January 2023, EMRA Board Decision dated 12 January 2023 and numbered 11574-13 was notified to the Company. In the aforementioned Board Decision, it was stated that it was determined that the Company had unjustly failed to pay the support fee debt amounts amounting to (not inflation accounted applied) TL 264,859,740 in the April-September 2022 period and it was decided to collect these amounts. Taking into account the precedent decisions in this regard, the Company reserves its legal rights with the assessment that if this retroactive decision is cancelled, the unlawful administrative action will be eliminated retroactively. In accordance with the agreements, the Company will reflect the additional costs that may arise regarding the transactions made within the scope of bilateral agreements to Gediz Elektrik Perakende Satış A.Ş., one of the group companies.

As of 30 September 2024, in accordance with the EMRA Board Decision dated 12 January 2023 and numbered 11574-13, the Company has made refund to EPİAŞ amounting to (not inflation accounted applied) TL 412,518,973 (including late fee and VAT) and reflected the same amount to Gediz EPSAŞ in accordance with the bilateral agreement. There is no impact on the financial statements related to this issue.

11 Provisions, contingent assets and liabilities *(continued)*

11.3 Letters of guarantees received and guarantees given

		30 September 2024	31 December 2023
	Currency	**TL equivalent**	**TL equivalent**
Guarantees given *	TL	365,972,621	372,785,998
Total		**365,972,621**	**372,785,998**

* Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to Energy Market Regulatory Authority ("EMRA"), Turkish Electricity Transmission Company ("TEİAŞ"), privatization administration and to the judicial authorities for some of the on-going lawsuits.

		30 September 2024	31 December 2023
	Currency	**TL equivalent**	**TL equivalent**
Guarantees received *	TL	36,563,564	22,163,927
Guarantees received *	EURO	6,662,655	8,566,531
Guarantees received **	US Dollars	4,026,012,033	4,992,940,143
		4,069,238,252	**5,023,670,601**

* Guarantees received against the risk of failure to provide the services to be received from suppliers.
** Letters of guarantees received from Aydem EPSAŞ and Gediz EPSAŞ for electricity trade and regarding power plant investments.

11.4 Long term provisions

As of 30 September 2024 and 31 December 2023, the long-term provisions are as follows:

	30 September 2024	31 December 2023
Provisions for retirement pay liability	106,317,060	93,147,469
	106,317,060	**93,147,469**

As of 30 September 2024 and 2023, movements of provisions for retirement pay liability are as follows:

	2024	2023
Opening balance (1 January)	**93,147,469**	**77,774,327**
Service cost	5,700,074	9,235,576
Interest cost	14,685,704	8,620,188
Retirement payments paid	(6,816,798)	(9,297,135)
Actuarial loss/(gain)	34,742,877	60,533,243
Inflation effect	(35,142,266)	(39,000,335)
Closing balance (30 September)	**106,317,060**	**107,865,864**

11 Provisions, contingent assets and liabilities *(continued)*

11.4 Long term provisions *(continued)*

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the subsidiaries within the scope of consolidation.

The main actuarial assumptions used as of 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	**31 December 2023**
Expected interest in the coming years %	25	25
Expected inflation in the coming years %	21	21
Expected probability of leaving without compensation in the coming years %	3.56	3.56

12 Liabilities for employee benefits

As of 30 September 2024 and 31 December 2023, short-term payables related to employee benefits are as follows:

	30 September 2024	**31 December 2023**
Social security withholdings payable	10,808,267	15,618,084
Payables to personnel	26,139,401	365,642
	36,947,668	**15,983,726**

13 Other current, non-current assets and other liabilities

13.1 Other current assets

As of 30 September 2024 and 31 December 2023, other current assets are as follows:

	30 September 2024	31 December 2023
Advances to personnel	158,509	39,857
Short-term deferred value added tax ("VAT")	18,098	18,002
	176,607	**57,859**

13.2 Other non-current assets

As of 30 September 2024 and 31 December 2023, other non-current assets are as follows:

	30 September 2024	31 December 2023
Long-term deferred VAT	36,206,227	45,143,514
	36,206,227	**45,143,514**

13.3 Other short-term liabilities

As of 30 September 2024 and 31 December 2023, other liabilities are as follows:

	30 September 2024	31 December 2023
Taxes and funds payable	69,133,536	133,982,942
Other	436,479	4,473,457
	69,570,015	**138,456,399**

14 Financial liabilities

14.1 Issued bond liabilities

As of 30 September 2024 and 31 December 2023, terms and conditions of financial liabilities are as follows:

					30 September 2024
Currency	**Effective interest rate**	**Maturity for the latest payment**	**Original currency amount**	**Short-term**	**Long-term**
USD	8.63%	2027	673,047,724	5,990,478,888	16,974,582,503
				5,990,478,888	**16,974,582,503**

					31 December 2023
Currency	**Effective interest rate**	**Maturity for the latest payment**	**Original currency amount**	**Short-term**	**Long-term**
USD	8.63%	2027	682,740,150	2,031,175,883	25,274,906,340
				2,031,175,883	**25,274,906,340**

The Group on the Irish Stock Exchange issued USD 750,000,000 with a maturity of 5.5 years, coupon payments every 6 months, principal and coupon payments at maturity, annual fixed interest rate of 7.75%, on 2 August 2021. With the amount obtained through the bond issuance, the entire loan debt of the Company to the banks has been repaid, and the remaining amount is going to be used for the investments in line with the Company's growth strategy.

The repayments of the bond and debt instruments agreements according to their original maturities as of 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	**31 December 2023**
To be paid within 3 months	-	1,036,834,120
To be paid within a 3-12 months	5,990,478,888	994,341,763
To be paid in 1-2 year	5,197,522,270	6,593,006,230
To be paid in 2-3 year	11,777,060,233	5,720,293,371
To be paid in 3-4 year	-	12,961,606,739
	22,965,061,391	**27,306,082,223**

14 Financial liabilities *(continued)*

14.1 Issued bond liabilities *(continued)*

The movement of financial liabilities for the period ended 30 September 2024 and 2023 is as follows:

	2024	2023
Opening balance (1 January)	**27,306,082,223**	**29,521,033,399**
Repayment of financial liabilities *	-	(746,189,829)
Interest accrued in the period	1,580,556,120	1,704,428,240
Interest paid	(1,854,000,693)	(2,146,444,144)
Exchange rate differences accrued in the period	3,530,403,241	8,919,831,854
Exchange rate differences subjected to cash flow hedge accounted in OCI	291,209,119	3,446,801,030
Inflation effect	(7,889,188,619)	(13,180,711,626)
Closing balance (30 September)	**22,965,061,391**	**27,518,748,924**

* Repurchase amount related to bond issuance.

14.2 Lease liabilities

The repayments of the lease liabilities according to their original maturities as of 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
To be paid within a year	27,799,925	22,587,178
To be paid in 1-5 years	7,662,134	14,328,677
To be paid over 5 years	23,308,109	37,119,163
	58,770,168	**74,035,018**

For the period then ended as of 30 September 2024 and 2023, movements of lease of uses is as follows:

	2024	2023
Lease Liabilities (1 January)	**74,035,018**	**68,450,252**
Additions	25,554,506	92,572,297
Accretion of interest	14,251,367	14,044,411
Payments	(34,595,518)	(46,652,617)
Inflation effect	(20,475,205)	(40,539,615)
Lease Liabilities (30 September)	**58,770,168**	**87,874,728**

15 Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

The Group may be exposed to the following risks depending on the use of financial instruments:
• Credit risk
• Liquidity risk
• Market risk
• Operational risk

This note provides information on the Group's exposure to the risks outlined above, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk that a customer or a counterparty will fail to fulfil its obligations under the contract and is mainly attributable to customer receivables. The carrying values of financial assets represent the maximum exposure to credit risk.

The maximum credit risk the Group is exposed to as of 30 September 2024 and 31 December 2023 are as follows:

30 September 2024	Receivables				Cash and cash equivalents
	Trade receivables		Other receivables		
	Related parties	Other parties	Related parties	Other parties	
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	2,737,655,992	19,744,872	104,257,273	37,592,077	2,569,401,715
- Secured part of the maximum credit risk exposures via collateral etc.	2,737,655,992	-	-	-	-
A. Net book value of financial assets those are neither overdue nor impaired	504,666,234	19,744,872	104,257,273	37,592,077	2,569,401,715
B. Net book value of assets that are overdue but not impaired	2,232,989,758	-	-	-	-
C. Net book value of impaired financial assets	-	-	-	-	-
- Overdue (gross carrying amount)	-	7,242,931	-	-	-
- Impairment amount (-)	-	(7,242,931)	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
D. Off-balance sheet items including risk	-	-	-	-	-

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

Credit risk *(continued)*

31 December 2023	Receivables				Cash and cash equivalents
	Trade receivables		Other receivables		
	Related parties	Other parties	Related parties	Other parties	
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	2,620,602,954	98,064,980	871,602,661	24,028,209	1,893,006,883
- Secured part of the maximum credit risk exposures via collateral etc.	2,620,602,954	-	-	-	-
A. Net book value of financial assets those are neither overdue nor impaired	473,572,433	98,064,980	871,602,661	24,028,209	1,893,006,883
B. Net book value of assets that are overdue but not impaired	2,147,030,521	-	-	-	-
C. Net book value of impaired financial assets	-	-	-	-	-
- Overdue (gross carrying amount)	-	9,594,084	-	-	-
- Impairment amount (-)	-	(9,594,084)	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
D. Off-balance sheet items including risk	-	-	-	-	-

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities in the future. The Group's liquidity risk is managed by providing sufficient financing facilities from various financial institutions in a way that does not harm or damage the Group's reputation in order to fund the current and future debt requirements under normal conditions or in crisis situations.

As at 30 September 2024 and 31 December 2023, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

30 September 2024	Book value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	22,965,061,391	26,566,391,714	-	6,293,704,708	20,272,687,006	-
Financial lease liabilities (TFRS 16)	58,770,168	166,674,367	7,540,469	35,186,479	30,664,974	93,282,444
Other long term payables to related parties	57,390,299	174,329,348	-	-	174,329,348	-
Trade payables to related parties	27,205,440	27,205,440	27,205,440	-	-	-
Trade payables to third parties	260,902,852	260,902,852	222,509,195	38,393,657	-	-
Total	**23,369,330,150**	**27,195,503,721**	**257,255,104**	**6,367,284,844**	**20,477,681,328**	**93,282,444**

31 December 2023	Book Value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	27,306,082,223	33,229,186,939	1,044,731,020	1,044,731,020	31,139,724,899	-
Financial lease liabilities (TFRS 16)	74,035,018	217,656,211	6,386,792	29,257,888	50,691,816	131,319,715
Other long term payables to related parties	68,476,602	236,844,446	-	-	-	236,844,446
Trade payables to related parties	15,536,683	15,536,683	15,536,683	-	-	-
Trade payables to third parties	532,254,827	456,673,559	455,265,945	1,407,614	-	-
Total	**27,996,385,353**	**34,155,897,838**	**1,521,920,440**	**1,075,396,522**	**31,190,416,715**	**368,164,161**

Market risk

Market risk; The risk of changes in the money market, such as exchange rates, interest rates or the prices of instruments traded in the securities markets, may change the Group's income or the value of its financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

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

Currency risk

While the Group's functional currency is Turkish Lira, the Group is exposed to foreign exchange risks. The Group has outstanding US Dollar debt instruments due to power plant investments. The Group also realizes significant USD indexed sales within the scope of the Feed-in Tariff.

As of 30 September 2024 and 31 December 2023, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

			30 September 2024
			Original Amounts
	TL Equivalent	**US Dollars**	**EUR**
Assets			
Cash and cash equivalents	1,140,649,028	32,420,030	902,382
Financial investments	508,781,438	14,911,094	-
Other receivables from related parties	117,807,834	3,385,352	60,156
Trade receivables from related parties	1,821,721,894	53,383,463	5,888
Total Asset	**3,588,960,194**	**104,099,939**	**968,426**
Liabilities			
Short-term and long-term financial liabilities	(22,965,061,391)	(673,047,724)	-
Short-term trade payables to third parties	(73,147,161)	(2,114,931)	(25,768)
Total liabilities	**(23,038,208,552)**	**(675,162,655)**	**(25,768)**
Foreign currency liability position	**(19,449,248,358)**	**(571,062,716)**	**942,658**
Amounts subject to cash flow hedge accounting *	**19,589,104,947**	**574,107,000**	**-**
Net foreign currency position after cash flow hedge	**139,856,589**	**3,044,284**	**942,658**

			31 December 2023
			Original Amounts
	TL Equivalent	**US Dollars**	**EUR**
Assets			
Cash and cash equivalents	281,534,259	9,303,295	235,219
Financial investments	626,629,120	21,286,258	-
Other receivables from related parties	85,458,123	2,902,967	-
Trade receivables from related parties	1,968,066,047	66,770,418	75,678
Total assets	**2,961,687,549**	**100,262,938**	**310,897**
Liabilities			
Short-term and long-term financial liabilities	(20,098,641,084)	(682,740,150)	-
Short-term trade payables to third parties	(246,787,682)	(8,197,504)	(167,862)
Total liabilities	**(20,345,428,766)**	**(690,937,654)**	**(167,862)**
Foreign currency liability position	**(17,383,741,217)**	**(590,674,716)**	**143,035**
Amounts subject to cash flow hedge accounting *	**16,900,676,687**	**574,107,000**	**-**
Net foreign currency position after cash flow hedge	**(483,064,530)**	**(16,567,716)**	**143,035**

* Please refer to Note 2.7.

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

Currency risk *(continued)*

Sensitivity analysis

The Group is mainly exposed to foreign currency risk in USD Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars and Euro, 10% is the rate used to report the exchange rate risk within the Group to the executives and this rate indicates the possible change in the exchange rates expected by the management. The sensitivity analysis covers only foreign currency denominated monetary items at the end of the year and shows the effects of the 10% increase in foreign exchange rates of these items at the end of the year excluding tax effects. A positive value indicates an increase in profit or loss and other equity items.

Exchange rate sensitivity analysis table		
30 September 2024		
	Increase in value of foreign currency	**Decrease in value of foreign currency**
If TL gains/losses 10% against US dollar		
1- TL net assets / liabilities	(1,948,523,093)	1,948,523,093
2- TL hedged portion (-)	1,958,910,495	(1,958,910,495)
3- TL net effect (1 + 2)	**10,387,402**	**(10,387,402)**
If the TL gains/losses 10% against the Euro		
4- TL net assets / liabilities	3,598,256	(3,598,256)
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	3,598,256	(3,598,256)
Total (3 + 6)	**13,985,658**	**(13,985,658)**

Exchange rate sensitivity analysis table		
31 December 2023		
	Increase in value of foreign currency	**Decrease in value of foreign currency**
If TL gains/losses 10% against US dollar		
1- TL net assets / liabilities	(2,362,394,003)	2,362,394,003
2- TL hedged portion (-)	2,296,131,691	(2,296,131,691)
3- TL net effect (1 + 2)	**(66,262,312)**	**66,262,312**
If the TL gains/losses 10% against the Euro		
4- TL net assets / liabilities	633,002	(633,002)
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	633,002	(633,002)
Total (3 + 6)	**(65,629,310)**	**65,629,310**

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

Capital risk managements

In managing capital, the Group's objectives are to maintain the Group's ability to continue to operate in order to maintain an optimal capital structure to provide returns to shareholders, benefits to other shareholders, and to reduce capital costs.

In order to maintain or adjust the capital structure, the Group determines the amount of dividend payable to shareholders.

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

As of 30 September 2024 and 31 December 2023, net financial liabilities/equity ratios are as follows:

	30 September 2024	31 December 2023
Total financial liabilities *	22,965,061,391	27,306,082,223
Cash and cash equivalents	(3,078,167,664)	(2,744,347,337)
Net financial liabilities	19,886,893,727	24,561,734,886
Equity	41,680,278,071	38,884,282,549
	% 47.71	**%63.17**

* Includes issued bond liabilities (Note 14.1).

Fair value of financial instruments

When measuring the fair value of an asset or liability, the Company uses market observable inputs. Fair value measurements are categorised into different levels of the fair value hierarchy based on the information used in the valuation techniques described below.

- Level 1: Quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the information used to measure the fair value of an asset or liability can be categorised into a different level of the fair value hierarchy, that fair value is categorised into the same level of the fair value hierarchy that includes the least significant information for the overall measurement.

The Company recognises transfers between levels in the fair value hierarchy at the end of the reporting period in which the change occurs.

Fair value is the amount that would be realised in a sale transaction between two parties willing to exchange a financial asset, other than in a forced sale or liquidation, and is most readily measurable at fair value.

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

Fair value of financial instruments *(continued)*

The Company has generally assumed that the carrying amounts of financial instruments with short remaining maturities or financial instruments that are initially recognised close to the reporting date approximate their fair values. It is also assumed that the fair value of foreign currency assets and liabilities within financial instruments, which are translated into Turkish Lira at the year-end exchange rate, approximates their carrying value.

However, since it is necessary to use judgement to determine the estimated fair value, fair value measurements may not reflect the values that may occur in current market conditions. Therefore, apart from the aforementioned assumptions, inputs that are not based on observable market data for financial assets or liabilities (unobservable inputs), which are used by the Company management in the use of judgement in fair value analysis, have been assessed within the scope of the classification defined as level 3 of the valuation method for the comparative fair value analysis of long-term financial liabilities.

As at 30 September 2024, the Company's central assets are measured at fair value determined by an independent professional valuation company using other valuation techniques that include direct or indirect observable inputs (Level 3).

Financial assets

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

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

Financial liabilities

The carrying values of trade payables are estimated to be their fair values since they are short term and leasing liabilities are estimated to be their fair values assuming that there is no significant change in the market prices of similar leases with the same maturity.

Derivative instruments

The Company uses derivative financial instruments (mainly foreign currency forward contracts) to hedge its foreign currency risk. Derivative financial instruments are measured at fair value at the contracts date and remeasured at fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in the statement of profit or loss in the period in which they arise.

16 Earnings per share

The calculation of basic and diluted Earnings per share for the period ended 30 September 2024 and 30 September 2023 were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares as follows:

	30 September 2024	30 September 2023
Numerator:		
Income / (loss) for the period attributable to owners of the company	3,421,885,678	3,983,739,612
Denominator:		
Weighted average number of shares	698,894,974	701,017,963
Basic and diluted profit /(loss) per share	**4.90**	**5.68**

30 September 2024	**Number of shares**	**Time weighting (days)**
Outstanding ordinary shares as of 1 January 2024 (Par Value: TL 1)	698,894,974	270
Weighted average for the period	**698,894,974**	**270/270**

Within the scope of the share buyback program, a total of 6,105,026 shares were bought back at an average price of TL 13.66 TL 83,423,193 related to the transaction was recorded under "Treasury shares" account. The inflation adjusted value of the related amount is TL 162,344,284.

30 September 2023	**Number of shares**	**Time weighting (days)**
Outstanding ordinary shares as of 1 January 2023 (Par Value: TL 1)	705,000,000	10
Outstanding ordinary shares as of 11 January 2023	704,800,000	13
Outstanding ordinary shares as of 24 January 2023	704,100,000	24
Outstanding ordinary shares as of 17 February 2023	704,050,000	5
Outstanding ordinary shares as of 22 February 2023	703,740,000	40
Outstanding ordinary shares as of 3 April 2023	703,440,000	1
Outstanding ordinary shares as of 4 April 2023	703,240,000	1
Outstanding ordinary shares as of 5 April 2023	703,140,000	1
Outstanding ordinary shares as of 6 April 2023	703,040,000	1
Outstanding ordinary shares as of 7 April 2023	702,940,000	3
Outstanding ordinary shares as of 10 April 2023	702,840,000	1
Outstanding ordinary shares as of 11 April 2023	702,740,000	6
Outstanding ordinary shares as of 17 April 2023	702,640,000	1
Outstanding ordinary shares as of 18 April 2023	702,540,000	1
Outstanding ordinary shares as of 19 April 2023	702,490,000	6
Outstanding ordinary shares as of 25 April 2023	702,420,000	1
Outstanding ordinary shares as of 26 April 2023	702,220,000	7
Outstanding ordinary shares as of 3 May 2023	701,920,000	6
Outstanding ordinary shares as of 9 May 2023	701,420,000	1
Outstanding ordinary shares as of 10 May 2023	700,920,000	1
Outstanding ordinary shares as of 11 May 2023	699,920,000	1
Outstanding ordinary shares as of 12 May 2023	698,920,000	42
Outstanding ordinary shares as of 21 June 2023	698,420,000	97
Weighted average for the period	**701,017,963**	**270/270**

17 Prepaid expenses

As of 30 September 2024 and 31 December 2023, short term prepaid expenses as follows:

	30 September 2024	31 December 2023
Advances given for purchase orders	92,872,703	43,561,889
Prepaid expense for the following months	61,171,499	10,857,340
Job advances	299,043	256,680
	154,343,245	**54,675,909**

As of 30 September 2024 and 31 December 2023, long term prepaid expenses as follows:

	30 September 2024	31 December 2023
Advances given	353,517,361	370,240,726
	353,517,361	**370,240,726**

18 Financial investments

As of 30 September 2024 and 31 December 2023, financial investments are as follows:

	30 September 2024	31 December 2023
Restricted accounts	150,824,626	703,368,546
*- Interest reserve account related to Eurobond **	*150,824,626*	*703,368,546*
Currency protected deposits	-	147,971,908
Other cash and cash equivalents	357,941,323	-
	508,765,949	**851,340,454**

* The Company shall, so long as any Note remains outstanding, fund the interest reserve account on a monthly basis and maintain the required balance given the amount of upcoming interest payment. The amount standing in the account will gradually increase and finally be equal to debt service amount on the date of debt service.

19 Financial income and expense

The details of finance income for the year ended 30 September 2024 and 2023 is as follows:

	1 January- 30 September 2024	**1 January- 30 September 2023**
Foreign exchange income arising from financing activities	291,765,530	875,166,243
Income arising from Eurobond buy-back	-	136,529,834
Interest income	295,773,603	110,206,349
Interest income from related parties	83,614,200	37,284,978
Income from derivative transactions	-	19,452,741
Other	9,282	6,436,210
	671,162,615	**1,185,076,355**

The details of financial expenses for the year ended 30 September 2024 and 2023 is as follows:

	1 January- 30 September 2024	**1 January- 30 September 2023**
Foreign exchange losses arising from financing activities *	(2,563,241,682)	(4,966,047,581)
Bond interest expenses	(1,580,556,122)	(1,484,735,039)
Foreign exchange losses transferred from equity *	(967,161,559)	(3,953,784,273)
Bank commission and other expenses	(24,235,596)	(15,713,560)
Right of use obligations interest expenses (Note 14.2)	(14,251,367)	(14,044,411)
	(5,149,446,326)	**(10,434,324,864)**

* Includes unrealised foreign exchange losses amounting to TL 3,425,760,332 related to Eurobond payable for the period 2025-2027, for which there is no principal payment obligation in the current period.

20 Taxation on income

Deferred tax liabilities

The movement of deferred tax liability is as follows:

	2024	2023
Opening balance (1 January)	**8,340,284,474**	**10,320,583,001**
Recognized in other comprehensive income	(81,487,999)	(701,466,855)
Recognised in profit or loss	(556,242,592)	1,129,772,541
Closing balance (30 September)	**7,702,553,883**	**10,748,888,687**

As of 30 September 2024 and 31 December 2023, the breakdown of deferred tax liabilities is as follows:

	30 September 2024	31 December 2023
Increase / decrease in value of tangible assets	(15,469,759,078)	(15,341,134,547)
Amortized cost adjustment for financial borrowings	(62,429,807)	(98,070,913)
Rediscount on payables	(2,239,069)	(5,415,520)
Provision for litigation	2,907,671	4,663,571
Property, plant and equipment and intangible assets	72,196,205	(125,184,106)
Provisions for retirement pay liability	31,344,100	26,240,967
Expensing of foreign exchange differences related to prepaid expenses	45,535,937	45,778,507
Deferred tax asset from carry forward tax losses	732,107,066	1,646,283,643
Expensing capitalized borrowing costs	1,267,845,186	1,507,931,466
Deferred tax effect on temporary differences arising from inflation accounting in accordance with the TPL	5,699,928,329	4,011,632,703
Other	(19,990,423)	(13,010,245)
	(7,702,553,883)	**(8,340,284,474)**

21 Events after the reporting period

None.