Fiba Yenilenebilir Enerji Holding Anonim Şirketi And Its Subsidiaries

Consolidated Financial Statements
As of and For The Year Ended
31 December 2022
With Independent Auditor's Report

28 December 2023

This report includes independent auditor's report and 96 pages of consolidated financial statements together with their explanatory notes.

Fiba Yenilenebilir Enerji Holding Anonim Şirketi
and Its Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fiba Yenilenebilir Enerji Holding A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fiba Yenilenebilir Enerji Holding A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (*IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was adressed in the Audit
Revaluation of tangible fixed assets As explained in Note 2.8, the Group measures its Power Plants using the fair value method. The fair value of the Power Plants shown in the consolidated financial statements as of 31 December 2022 has been determined by an independent valuation company, and the details are explained in footnote 2.9 and 10. The valuation of Power Plants has been determined as a key audit matter , since tangible fixed assets are important to the Group's consolidated financial statements and the valuation methods applied include important estimations and assumptions.	The appropriateness of the Group's accounting policy for the revaluation of property, plant and equipment has been evaluated The revaluation process for property, plant and equipment has been understood, and the design and implementation of controls regarding the determination of revaluation amounts have been evaluated. In our audit, the appropriateness of the valuation methods used by the valuation experts in the valuation reports of Power Plants was evaluated. The reconciliation of the values appraised by the experts for the relevant tangible assets in the valuation reports to the amounts explained in note 10 has been controlled. Among the audit procedures we applied, there is an examination of market data against the assumptions used by valuation experts in their valuations. In addition, we have questioned the appropriateness of the information in the consolidated financial statements and explanatory footnotes, taking into account the importance of the information disclosed to the readers of the financial statements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

DRT BAĞIMSIZ DENETİM VE SMMM A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 28 December 2023

Fiba Yenilenebilir Enerji Holding A.Ş. and Its Subsidiaries

Consolidated Statement of Financial Position

As of 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

	Notes	31 December 2022	*Restated* (*) 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	*5*	1,184,979	594,874
Financial investments		7,060	--
Trade receivables	*7*	1,477,698	491,179
- Due from related parties	*4*	*139,146*	*24,573*
- Due from third parties		*1,338,552*	*466,606*
Other receivables	*8*	482,026	4,131
- Due from related parties	*4*	*474,646*	*2,748*
- Due from third parties		*7,380*	*1,383*
Inventories	*16*	--	13
Derivative financial instruments	*17*	--	273
Prepaid expenses	*9*	45,921	147,311
Current tax assets	*25*	1,198	2,763
Other current assets	*16*	4,687	62,526
Total current assets		**3,203,569**	**1,303,070**
Non-current assets			
Other receivables	*8*	1,690	2,351
- Due from third parties		*1,690*	*2,351*
Financial investments	*12*	309,616	82
Prepaid expenses	*9*	8,153	5,477
Property, plant and equipment	*10*	20,868,115	26,769,957
Intangible assets		71,584	71,865
- Goodwill	*11*	69,205	69,205
- Other intangible assets	*11*	2,379	2,660
Deferred tax assets	*25*	701	848
Other non-current assets	*16*	--	756,792
Total non-current assets		**21,259,859**	**27,607,372**
Total assets		**24,463,428**	**28,910,442**

(*)Please refer to note 2.1 (c)

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

Fiba Yenilenebilir Enerji Holding A.Ş. and Its Subsidiaries

Consolidated Statement of Financial Position

As of 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

LIABILITIES	*Notes*	31 December 2022	*Restated* (*) 31 December 2021
Current liabilities			
Short-term loans and borrowings	*6*	1,952,352	1,089,024
Short-term portion of long-term loans and borrowings	*6*	2,395,780	2,264,634
Derivative financial instruments	*17*	2,040	8,501
Trade payables	*7*	564,280	350,707
- Due to related parties	*4*	*20,292*	*21*
- Due to third parties		*543,988*	*350,686*
Payables due to employee benefits	*15*	35,922	4,453
Other payables	*8*	92,411	145,023
- Due to related parties	*4*	*73,291*	*135,274*
- Due to third parties		*19,120*	*9,749*
Deferred income	*9*	--	976
Contract liabilities	*9*	135,603	34,667
Provision for income taxes	*25*	441	--
Short-term provisions		2,674	3,689
- Provisions for employee benefits	*14*	2,674	3,689
Other current liabilities	*16*	111,421	31,822
Total current liabilities		**5,292,924**	**3,933,496**
Non-current liabilities			
Long-term loans and borrowings	*6*	5,253,398	8,118,688
Trade payables	*7*	--	6,206
- Due to third parties		--	*6,206*
Deferred income	*9*	--	243
Long-term provisions		5,747	5,352
- Provisions for employee benefits	*14*	5,747	5,352
Deferred tax liabilities	*25*	3,562,722	3,978,189
Total non-current liabilities		**8,821,867**	**12,108,678**
EQUITY			
Paid-in capital	*18*	315,000	315,000
Adjustment to paid-in capital		997,716	997,716
Accumulated other comprehensive income and expenses that will not be reclassified to profit or loss		11,477,543	15,865,929
- Revaluation increase on property, plant and equipment		*11,480,627*	*15,868,538*
- Revaluation losses on defined benefit plan		*(3,084)*	*(2,609)*
Accumulated other comprehensive income and expenses that will be reclassified to profit or loss		66,546	71,551
-Foreign currency translation differences		*66,546*	*71,551*
Notional capital distribution		23,684	316,073
Capital completion fund	*18*	618,585	618,585
Restricted reserves	*18*	10,559	10,559
Prior years' losses		(5,545,101)	(3,336,660)
Net profit / (loss) for the year		2,216,496	(2,208,441)
Equity attributable to owners of the Company		**10,181,028**	**12,650,312**
Non-controlling interests	***18***	**167,609**	**217,956**
Total equity		**10,348,637**	**12,868,268**
Total equity and liabilities		**24,463,428**	**28,910,442**

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

Fiba Yenilenebilir Enerji Holding A.Ş. and Its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

	Notes	1 January-31 December 2022	*Restated* (*) 1 January-31 December 2021
Profit or loss			
Revenue	*19*	6,959,268	3,567,573
Cost of sales	*19*	(4,729,345)	(1,955,702)
Gross profit		**2,229,923**	**1,611,871**
General administrative expenses	*20*	(106,998)	(88,847)
Marketing expenses	*20*	(15,867)	(8,365)
Impairment losses on trade receivables, net	*24*	(23,043)	(11,693)
Other income	*21*	9,030	9,993
Other expenses	*21*	(10,496)	(1,056)
Operating profit		**2,082,549**	**1,511,903**
Finance income	*23*	352,580	401,509
Finance expenses	*23*	(3,638,881)	(5,852,647)
Net finance expenses		**(3,286,301)**	**(5,451,138)**
Profit /(loss) before gain/(loss) on net monetary position		**(1,203,752)**	**(3,939,235)**
Gain / (loss) on net monetary position		4,066,993	1,953,205
Profit / (loss) for the period before tax from continuing operations		**2,863,241**	**(1,986,030)**
-Current tax expense		(37,689)	--
-Deferred tax income / (expense)	25	(591,272)	96,630
Profit / (loss) from continuing operations		**2,234,280**	**(1,889,400)**
Profit / (loss) from discontinued operations, net of tax		**--**	**(649,561)**
Net profit / (loss) for the year		**2,234,280**	**(2,538,961)**
Items not to be reclassified to profit or loss			
Increase / (decrease) on property, plant and equipment revaluation	*10,18*	(5,570,393)	14,470,025
Revaluation losses on defined benefit plans		(475)	54
Deferred tax income / (expense), net	25	1,114,350	(2,894,016)
Items to be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		(5,005)	46,156
Total other comprehensive income / (loss)		**(4,461,523)**	**11,622,220**
Total comprehensive income / (loss)		**(2,227,243)**	**9,083,259**

(*)Please refer to note 2.1 (c)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

Net profit/(loss) for the period attributable to:			
Owners of the Company		2,216,496	(2,208,441)
Non-controlling interests	*27*	17,784	(330,520)
Profit / (loss) for the year		**2,234,280**	**(2,538,961)**
Total comprehensive Income / (loss) attributable to:			
Owners of the Company		(2,176,896)	9,202,940
Non-controlling interests	*27*	(50,347)	(119,681)
Total comprehensive income / (loss) for the year		**(2,227,243)**	**9,083,259**
Earnings / (loss) per share (full TL)			
Earnings per share from continuing operations	*28*	7.09	(8.06)
Earnings/ (loss) per share from discontinued operations	*28*	--	(2.06)

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

Fiba Yenilenebilir Enerji Holding A.Ş. and Its Subsidiaries

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

				Items that will not be reclassified to profit or loss		***Items that will be reclassified to profit or loss***			**Accumulated profit/(loses)**				
	Paid-in capital	***Adjustments to paid-in capital***	***Notional capital distribution***	***Revaluation increase on property, plant and equipment***	***Revaluation losses on defined benefit plans***	***Foreign currency translation differences for foreign operations***	***Capital completion fund***	***Restricted reserves appropriated from profit***	***Previous years’ losses***	***Net profit/(loss) for the year***	***Total equity attributable to equity owners of the group***	***Non-controlling Interest***	***Total equity***
Balance as of 1 January 2021	**291,349**	**974,598**	**--**	**4,503,357**	**(4,081)**	**--**	**618,585**	**10,600**	**(2,350,560)**	**(468,325)**	**3,575,523**	**679,270**	**4,254,793**
Business combinations under common control	--	--	316,073	--	--	25,395	--	--	(255,886)	(10,479)	75,103	--	75,103
Balance as of 1 January 2021 (Restated)	**291,349**	**974,598**	**316,073**	**4,503,357**	**(4,081)**	**25,395**	**618,585**	**10,600**	**(2,606,446)**	**(478,804)**	**3,650,626**	**679,270**	**4,329,896**
Net loss for the period	--	--	--	--	--	--	--	--	--	(2,208,441)	(2,208,441)	(330,520)	(2,538,961)
Other comprehensive income (Note 18,25)	--	--	--	11,365,181	54	46,156	--	--	--	--	11,411,391	210,839	11,622,230
Total comprehensive income	**--**	**--**	**--**	**11,365,181**	**54**	**46,156**	**--**	**--**	**--**	**(2,208,441)**	**9,202,950**	**(119,681)**	**9,083,269**
Transactions with shareholders, recognized directly in equity													
Capital increase (Note 18)	23,651	23,118	--	--	--	--	--	--	--	--	46,769	--	46,769
Transfers (Note 18)	--	--	--	--	--	--	--	--	(478,804)	478,804	--	--	--
Sale of subsidiary shares causing loss of control to transactions subject to common control	--	--	--	--	1,418	--	--	(41)	(251,410)	--	(250,033)	(341,633)	(591,666)
Balance as of 31 December 2021	**315,000**	**997,716**	**316,073**	**15,868,538**	**(2,609)**	**71,551**	**618,585**	**10,559**	**(3,336,660)**	**(2,208,441)**	**12,650,313**	**217,956**	**12,868,269**
Balance as of 1 January 2022	**315,000**	**997,716**	**--**	**15,868,538**	**(2,609)**	**--**	**618,585**	**10,559**	**(3,070,295)**	**(2,205,594)**	**12,531,900**	**217,956**	**12,749,856**
Business combinations under common control	--	--	316,073	--	--	71,551	--	--	(266,365)	(2,847)	118,413	--	118,413
Balance as of 1 January 2022 (Restated)	**315,000**	**997,716**	**316,073**	**15,868,538**	**(2,609)**	**71,551**	**618,585**	**10,559**	**(3,336,660)**	**(2,208,441)**	**12,650,313**	**217,956**	**12,868,269**
Net loss for the period	--	--	--	--	--	--	--	--	--	2,216,496	2,216,496	17,784	2,234,280
Other comprehensive income (Note 18,25)	--	--	--	(4,387,911)	(475)	(5,005)	--	--	--	--	(4,393,392)	(68,131)	(4,461,523)
Total comprehensive income	**--**	**--**	**--**	**(4,387,911)**	**(475)**	**(5,005)**	**--**	**--**	**--**	**2,216,496**	**(2,176,896)**	**(50,347)**	**(2,227,243)**
Transactions with shareholders, recognized directly in equity													
Transfers (Note 18)	--	--	--	--	--	--	--	--	(2,208,441)	2,208,441	--	--	--
Business combinations under common control	--	--	(292,389)	--	--	--	--	--	--	--	(292,389)	--	(292,389)
Balance as of 31 December 2022	**315,000**	**997,716**	**23,684**	**11,480,627**	**(3,084)**	**66,546**	**618,585**	**10,559**	**(5,545,101)**	**2,216,496**	**10,181,028**	**167,609**	**10,348,637**

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

	Notes	1 January- 31 December 2022	1 January- 31 December 2021
A. Cash flows from operating activities		**1,007,413**	**(319,074)**
Profit / (loss) for the year		**2,234,280**	**(2,538,961)**
Profit / (loss) for the period before tax from continuing operations		2,234,280	(1,889,400)
Loss from discontinued operations	*27*	--	(649,561)
Adjustments to (loss)/profit for the period reconciliation		**(1,065,580)**	**2,273,750**
Adjustments to depreciation and amortization	*22*	416,589	227,755
Adjustments to doubtful receivable provision/reversal	*24*	25,482	15,248
Profits from sales of property, plant and equipment and intangible assets (including profits from scrap sales), net	*10,21*	(353)	--
Adjustments to derivative instruments	*23*	(3,061)	8,870
Adjustments to provision for employee severance	*14*	1,384	2,423
Adjustments to revision for vacation pay liability	*14*	428	664
Adjustments to interest income and expenses	*23*	165,388	542,534
Adjustments to foreign exchange differences	*23*	2,047,542	5,155,752
Adjustments to other cash flows from the finance activities	23	34,987	128,435
Income tax income, net	*25*	628,961	(96,630)
Adjustments related to discontinued operations		--	(107,268)
Monetary (gains) / losses		(4,382,927)	(3,604,031)
Changes in working capital		**(345,356)**	**(150,371)**
Change in trade receivables		(1,014,440)	(280,388)
Change in payables related to employee benefits		31,469	3,804
Change in contract liabilities		100,936	12,376
Change in other receivables, other current assets and other non-current assets		241,548	168,410
Change in trade payables		207,367	(89,639)
Change in inventories		13	(49,280)
Change in deferred revenue		(1,219)	93,593
Change in other payables and other liabilities related with operating activities		88,970	(9,247)
Cash flows generated from operating activities		**184,070**	**96,508**
Employee termination benefits paid	*14*	(681)	(1,362)
Collection received from doubtful receivables	*24*	2,439	3,555
Interest received		217,995	95,736
Tax deducted/(tax paid), net	*25*	(35,683)	(1,421)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

B. Cash flows used in investing activities		**(32,065)**	**(1,750,443)**
Proceeds from sales of property, plant and equipment and intangible assets	*10*	9,679	9,427
Advance payment for pre-emption rights or share rights	*16*	--	(756,792)
Capital increase		--	38,851
Change in prepayments		98,714	67,675
Cash inflow / (outflows) from derivatives		--	(417)
Cash outflows from discontinued operations		--	(120,868)
Cash inflow / (outflows) from financial investments		(7,060)	--
Acquisition of tangible assets	*10*	(133,040)	(988,319)
Cash outflows from acquisition of intangible assets	*11*	(358)	--
C. Cash flows provided from financing activities		**(796,103)**	**1,957,918**
Proceeds from loans and borrowings	*6*	3,601,103	6,905,128
Change in blocked deposits	5	(410,860)	(58,091)
Changes in other receivable and payables due to/from related parties, net		(533,881)	739,897
Repayment of loans and borrowings	*6*	(3,119,639)	(5,145,120)
Cash outflows from derivative transactions, related to investing activities, net		(3,127)	33,546
Other finance cost paid		(34,987)	(128,435)
Interest paid	*6*	(294,712)	(389,007)
Net increase/(decrease) in cash and cash equivalents before translation effect of foreign currency (A+B+C)		**179,245**	**(111,599)**
D. Translation effect of foreign currency at cash and cash equivalents	***23***	**--**	**1,421**
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		**179,245**	**(110,178)**
E. Cash and cash equivalents at the beginning of the period	***5***	**273,208**	**383,386**
Cash and cash equivalents at the end of the period(A+B+C+D+E)	***5***	**452,453**	**273,208**

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

1 Reporting Entity

Fiba Yenilenebilir Enerji Holding Anonim Şirketi ("Fiba Yenilenebilir Enerji Holding" or "Company") was established for development and construction of energy projects and wholesale and trade of electricity on 2007.

Fiba Yenilenebilir Enerji Holding is owned and managed by Fina Holding A.Ş. ("Fina Holding"). As of 31 December 2022 Fiba Yenilenebilir Enerji Holding has 27 subsidiaries ("Subsidiaries") (2021: 26) (all together will be referred to as "the Group" herein and after).

Fiba Yenilenebilir Enerji Holding's registered address is as follows;

Kısıklı Caddesi Sarkuysan Ak İş Merkezi No:4, A Blok, Kat:1
34662 İstanbul/Türkiye
Web: http://www.fibaenerji.com

The nature of the operations of the subsidiaries and effective ownership interest of the Group are listed below:

Subsidiary	Operation Scope	2022 Effective ownership Rate (%)	2021 Effective ownership Rate (%)
Cerean Enerji A.Ş. ("CEREAN")	Electricity wholesale	99.99	99.99
Ütopya Elektrik Üretim A.Ş.	Power Generation-wind power plants	84.99	84.99
Manres Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Çanres Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Öres Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Osres Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Aysu Enerji Sanayi ve Ticaret A.Ş.	Power Generation-wind power plants	99.99	99.99
Serin Enerji Elektrik Üretim Dağıtım Sanayi Ve Ticaret A.Ş.	Power Generation-wind power plants	99.99	99.99
Borares Enerji Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Kavram Enerji Elektrik Üretim A.Ş.	Power Generation-wind power plants	100.00	100.00
İstres Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Yares Elektrik Üretim A.Ş.	Power Generation-wind power plants	99.99	99.99
Balres Elektrik Üretim A.Ş.	Power Generation-solar power plants	99.99	99.99
Ovayel Elektrik Üretim A.Ş. (*)	Power Generation-wind power plants	99.99	99.99

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

1 Reporting entity *(continued)*

Subsidiary	Operation Scope	31 December 2022 Effective ownership Rate (%)	31 December 2021 Effective ownership Rate (%)
Anres Elektrik Üretim A.Ş.(*)	Power Generation-wind power plants	99.99	99.99
Binres Elektrik Üretim A.Ş.(*)	Power Generation-wind power plants	99.99	99.99
Eceres ElektrikÜretim A.Ş.(*)	Power Generation-wind power plants	99.99	99.99
Geyres Elektrik ÜretimA.Ş.(*)	Power Generation-wind power plants	99.99	99.99
Sapres Elektrik Üretim A.Ş.(*)	Power Generation-wind power plants	99.99	99.99
Zeres Elektrik Üretim A.Ş.(*)	Power Generation-wind power plants	99.99	99.99
Adayel Elektrik Üretim A.Ş.	Power Generation-solar power plants	99.99	99.99
Beyres Elektrik Üretim A.Ş.	Power Generation-solar power plants	99.99	99.99
Gülres Elektrik Üretim A.Ş.	Power Generation-solar power plants	99.99	99.99
Elayel Elektrik Üretim A.Ş.	Power Generation-solar power plants	99.99	99.99
Ares Elektrik Üretim A.Ş. ("Ares")	Power Generation-wind power plants	99.99	99.99
Tekno Rüzgar Enerji Yatırım Üretim ve Ticaret A.Ş. ("Tekno")	Power Generation-wind power plants	99.99	99.99
Hessmaier S.R.L (**)	Other	100.00	--

(*) Non-operating entities or entities that have just recently started its operations at the reporting dates.

(**) On 19 January 2022, the Group purchased 100% of Hessmaier S.R.L shares owned by Clean Sweep Holding B.V that is controlled by Fina Holding, for an amount of TL 292,389 as of December 31, 2021. Share purchase has been accounted for as "Business Combinations Under Common Control" as set out in note 2.1.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements

2.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No 29 "Financial Reporting in Hyperinflationary Economies" except for;

-the monetary assets and liabilities,
-derivative financial assets and liabilities measured at fair value,
-the operating powerplants (as disclosed in note 2.8.4 (ii) in further details) that are measured at fair value.

(c) Comparative information

The accompanying consolidated financial statements are prepared comparatively to present the tendency in the financial position, financial performance and cash flows of the Group. The prior year comparatives are restated in terms of the current measuring unit at the end of the latest balance sheet date . The current year conversion factor is applied to the prior year financial statements. If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassified and material differences are explained in related notes.

On 19 January 2022, the Group purchased 100% of Hessmaier S.R.L shares owned by Clean Sweep Holding B.V that is controlled by Fina Holding, for an amount of TL 292,389. Share purchase has been accounted for as "Business Combination Under Common Control" as of the beginning of the earliest comparative period resulting in restatement of the consolidated financial statements for the year ended 31 December 2021. The impact of the business combination under common control on prior year financial statements is presented as follows:

	Previously reported **31/12/2021**	**Restatement***	**Inflation accounting impact**	***Restated*** **31/12/2021**
ASSETS				
Total current assets	**787,661**	**--**	**515,410**	**1,303,071**
Non-current assets				
Property plant and equipment	16,172,551	122,881	10,474,525	26,769,957
Total non-current assets	**16,650,663**	**122,881**	**10,833,827**	**27,607,371**
Total assets	**17,438,324**	**122,881**	**11,349,237**	**28,910,442**

*Restatement amounts are presented at historical values, they are not inflation adjusted.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.1 Basis of preparation *(Continued)*

(c) Comparative information *(Continued)*

LIABILITIES	***Previously reported*** **31/12/2021**	**Restatement***	**Inflation accounting impact**	***Restated*** **31/12/2021**
Current liabilities				
Other payables	37,487	50,797	56,740	145,024
- Due to related parties	*31,552*	*50,797*	*52,925*	*135,274*
-Due to third parties	*5,935*	--	*3,814*	*9,749*
Total current liabilities	**2,343,742**	**50,797**	**1,538,959**	**3,933,498**
Non-current liabilities				
Total non-current liabilities	**7,370,211**	**--**		**7,370,211**

EQUITY	***Previously reported*** **31/12/2021**	**Restatement***	**Inflation accounting impact**	***Restated*** **31/12/2021**
Adjustment to paid-in capital	--		997,716	997,716
Notional capital distribution	--	192,411	123,662	316,073
Other comprehensive income reclassified to profit or loss	--	43,557	27,994	71,551
Other comprehensive income not reclassified to profit or loss	10,712,883	--	5,153,046	15,865,929
-Revaluation increase on property, plant and equipment	*10,714,478*	--	*5,154,060*	*15,868,538*
-Revaluation losses on defined benefit plan	*(1,595)*	--	*(1,014)*	*(2,609)*
Capital completion fund	189,187	--	429,398	618,585
Reserves on retained earnings	3,569	--	6,990	10,559
Retained earnings	(1,654,044)	(162,151)	(1,520,465)	(3,336,660)
Profit/ (loss) for the year	(1,974,868)	(1,733)	(231,840)	(2,208,441)
Total equity attributable to the owners of the Company	**7,591,727**	**72,084**	**4,986,501**	**12,650,312**
Non-controlling interests	**132,644**	**--**	**85,312**	**217,956**
Total equity	**7,724,371**	**72,084**	**5,071,813**	**12,868,268**
Total equity and liabilities	**17,438,324**	**122,881**	**11,349,237**	**28,910,442**

*Restatement amounts are presented at historical values, they are not inflation adjusted.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.1 Basis of preparation *(Continued)*

(c) Comparative information *(Continued)*

	Previously reported 2021	Restatement*	Inflation accounting impact	*Restated* 2021
Profit or loss and other comprehensive income				
Gross revenue	**804,827**	**--**	**807,044**	**1,611,871**
General and administrative expenses (-)	(42,546)	(52)	(46,249)	(88,847)
Other income from operating activities	193,496	104	(183,607)	9,993
Operating profit	**897,830**	**52**	**614,021**	**1,511,903**
Profit / (loss) before financing expenses	**863,247**	**52**	**2,260,475**	**3,123,774**
Finance income	166	--	401,343	401,509
Finance expenses	(2,935,341)	(1,785)	(2,915,521)	(5,852,647)
Net finance income/expenses	**(2,935,175)**	**(1,785)**	**(2,514,178)**	**(5,451,138)**
Gain / (loss) on net monetary position, net	**--**	**--**	**1,953,205**	**1,953,205**
Profit / (loss) before tax from continuing operations	**(2,071,928)**	**(1,733)**	**87,631**	**(1,986,030)**
Tax income / (expense) from continuing operations	**289,934**	**--**	**(193,304)**	**96,630**
-Current tax expense	289,934	--	(289,934)	--
-Deferred tax income / (expense)	--	--	96,630	96,630
Profit / (loss) for the year	**(1,781,994)**	**(1,733)**	**(105,673)**	**(1,889,400)**
Profit / (loss) from discontinued operation, net of income tax	**(395,424)**	**--**	**(254,137)**	**(649,561)**
Net profit / (loss) for the year	**(2,177,418)**	**(1,733)**	**(359,810)**	**(2,538,961)**
Other comprehensive income				
Other comprehensive income reclassified to profit or loss				
Foreign currency translation differences for foreign operations	--	28,098	18,058	46,156
Other comprehensive income not reclassified to profit or loss	8,633,462	--	2,942,601	11,576,063
Total other comprehensive income	**8,633,462**	**28,098**	**2,960,660**	**11,622,220**
Total comprehensive income	**6,456,044**	**26,365**	**2,600,850**	**9,083,259**
Profit / (loss) attributable to:				
Owners of the Company	(1,974,868)	(1,733)	(231,840)	(2,208,441)
Non-controlling interests	(202,550)	--	(127,970)	(330,520)
Loss for the year	**(2,177,418)**	**(1,733)**	**(359,810)**	**(2,538,961)**
Total comprehensive income / (expense) attributable to:				
Owners of the Company	6,538,211	26,365	2,638,364	9,202,940
Non-controlling interests	(82,167)	--	(37,514)	(119,681)
Total comprehensive income / (expense)	**6,456,044**	**26,365**	**2,600,850**	**9,083,259**

*Restatement amounts are presented at historical values, they are not inflation adjusted.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) Accounting in hyperinflationary periods

Since the cumulative three-year inflation rate has exceeded 100% as of March 2022, based on the Turkish nation-wide consumer wholesaler price index announced by the Turkish Statistical Institution ("TSI"), Turkey should be considered a hyperinflationary economy under IAS 29 beginning from 30 April 2022. Consequently, the financial statements of the entities whose functional currency TL are indexed for the changes in the general purchasing power of the Turkish Lira as at 31 December 2022 based on IAS 29. The restatement is calculated by means of conversion factors derived from the Turkish countrywide consumer price index published by the TSI. For the last three years, such indices and conversion factors consumer price index is used to restate the accompanying financial statements are as follows:

Date	Index	Conversion factor
31 December 2022	1128.45	1.0000
31 December 2021	686.95	1.6427
1 January 2021	504.81	2,2350

IFRS require the financial statements of an entity with a functional currency that is hyperinflationary to be indexed in accordance with IAS 29 requirements whether they are based on a historical cost or a current cost approach and to be applied retrospectively, as if the currency had always been hyperinflationary. The basic principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior period are indexed into the same current measuring unit.

2 Basis of preparation of financial statements *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) Accounting in hyperinflationary periods *(Continued)*

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not indexed because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders’ equity are indexed by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are indexed by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the indexed amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are indexed by applying the monthly conversion factors of the transactions to the reporting date
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as “monetary gain / (loss)”.
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, indexed by applying the relevant conversion factors from the date on which the transaction originated.
- All corresponding figures as of and for the period ended 31 December 2022 are indexed by applying the change in the index from 31 December 2021 to 31 December 2022.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements shall be indexed to reflect the effects of inflation from the date the assets were acquired, and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

The Group has applied IAS 29 to its opening consolidated statement of financial position as at 1 January 2021 and restated corresponding figures to reflect the effect of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. The impact of inflation accounting on consolidated equity presented below.

2 Basis of preparation of financial statements *(Continued)*

2.1 Basis of preparation *(Continued)*

(e) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL. All financial information is presented in “Thousand TL” unless otherwise stated.

(f) Foreign currency transactions

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

2.2 Changes in accounting policy

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its comparative consolidated financial statements as of and for the year ended 31 December 2022.

2.3 IFRS amendments and comments

a) New and amended IFRS Standards that are effective for the current year

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.3 IFRS amendments and comments *(Continued)*

a) New and amended IFRS Standards that are effective for the current year *(Continued)*

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

Amendments to IFRS 3 *Reference to the Conceptual Framework*

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

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

Amendments to IAS 16 *Proceeds before Intended Use*

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

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

Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

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

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

Annual Improvements to IFRS Standards 2018-2020 Cycle

Amendments to IFRS 1 *First time adoption of International Financial Reporting Standards*

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

Amendments to IFRS 9 *Financial Instruments*
The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

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

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

Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

The International Auditing and Assurance Standards Board ("IAASB") has published Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

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

The Group assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

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

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Non-current Liabilities with Covenants*

2 Basis of preparation of financial statements *(Continued)*

2.3 IFRS amendments and comments *(Continued)*

b) New and revised IFRSs in issue but not yet effective *(Continued)*

IFRS 17 *Insurance Contracts*

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2023.

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

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

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

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of IFRS 17.

Amendments to IAS 1 *Disclosure of Accounting Policies*

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

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

Amendments to IAS 8 *Definition of Accounting Estimates*

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

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

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

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

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

2 Basis of preparation of financial statements *(Continued)*

2.3 IFRS amendments and comments *(Continued)*

b) New and revised IFRSs in issue but not yet effective *(Continued)*

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

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

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

Amendments are effective with the first application of IFRS 17.

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

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

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

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

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

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

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

2 Basis of preparation of financial statements *(Continued)*

2.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Financial position

The accompanying consolidated financial statements are prepared assuming that the Group will continue as a going concern and those foregoing consolidated financial statements does not indicate any risk related to the going concern principle. The Group has gross revenue and operating profit with the amount of TL 2,229,923 and TL 2,082,549, respectively. In the accompanying consolidated financial statements, the Group has total equity attributable to the main equity holders of the Group amounting to TL 10,181,028 as of and for the year ended 31 December 2022. The Group's current assets are less than its current liabilities by (2,089,355). In addition, as explained in Note 26, the Group's foreign currency exposure arises mainly from loans and borrowings denominated in foreign currencies. However, electricity sales of power plants within the scope of Renewable Energy Resources Supporting Mechanism ("RERSM") are based in foreign currency and provides natural hedge against the foreign currency risk as well.

The Group management expects that consolidated profitability targets will be reached up in middle term as its start-up operations get matured together with the commissioning of new power plants under construction and development as of the reporting date. As cash flows are generated upon reaching up the targeted profitability levels, those will be directed to repayments of financial debt mostly denominated in foreign currencies, there will also be a reduction in finance costs.

2.6 Significant Accounting Policies

Significant accounting policies applied during the preparation of the consolidated financial statements are summarized as follows.

2.6.1 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Fiba Yenilenebilir Enerji Holding and its subsidiaries on the basis set out in sections below.

The financial statements of the entities included in the consolidation have been prepared As of the same date of preparation of the consolidated financial statements.

(i) Business combinations

Business combinations are accounted for using the acquisition method As of the acquisition date, which is the date on which control is transferred to the Group. The Group has control over an entity when the Group has power over the entity, exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of the Group's returns. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisition of legal entity Ares, has been evaluated as of the share transfer transaction date and current reporting period within the scope of accounting for business combinations that are also allowed to be applied early within the scope of IFRS 3. Taking into account the phases of inputs and the process that are the basic functions of an enterprise, and the outputs which the process and inputs could have the ability to generate, it was evaluated that the acquisition was in the form of "asset acquisition" and the "transformation into the business" process has not been completely realized as of 31 December 2019. However, depending on the start of the electricity generation with partial start-up processes towards the end of the current reporting period and the acceleration in the investment processes, it has been assessed that the "conversion to operation" process has been completed.

Acquisition of legal entity Tekno has been evaluated as of the share transfer transaction date and reporting period within the scope of accounting for business combinations that are also allowed to be applied early within the scope of IFRS 3. Taking into account the phases of inputs and the process that are the basic functions of an enterprise, and the outputs which the process and inputs could have the ability to generate, it was evaluated that the foregoing acquisition was in the form of "asset acquisition" at the date of acquisition. However, depending on the start of the electricity generation with partial start-up processes towards the end of the current reporting period and the acceleration in the investment processes, it has been assessed that the "conversion to operation" process has been completed.

(ii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

2 Basis of preparation of financial statements *(Continued)*

2.6.1 Basis of consolidation (Continued)

(iii) Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The shares, which the Group remained ownership afterwards, are recognized as financial assets according to its classification or equity accounted investment based upon the level of the continuing controlling power or significant influence.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, these retained interests are accounted for as an equity-accounted investment or a financial instrument according to their classification, depending on the level of continuing control effect.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.6.2 Financial instruments

(i) Recognition and initial measurement

Trade receivables and payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, except for those at fair value through the profit or loss statement ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable and payable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through the other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.2 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

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

Financial assets – Business model assessment: Policy

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the purpose of the business model; to manage daily liquidity, to sustain the particular interest income or might be to adjust the maturity of financial assets to the maturity of the debts that fund these assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.2 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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

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

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.2 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

At the reporting date, the Group does have financial assets stated as measured at amortized cost such as "cash and cash equivalents" and "trade and other receivables". Besides, the Group also has derivative instrument reclassified as "Financial assets at FVTPL".

Trade and other receivables

Short-term trade receivables are measured at the invoice amount unless the effect of imputing interest is significant. In the event that there is a situation that indicates that the Group will not be able to collect all amounts in due course, allowance for impairment is established for the trade receivables. The amount of this allowance is the difference between the carrying amount of the receivable and the amount of the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the trade receivable.

The Group has preferred to apply the simplified approach defined in IFRS 9 in the context of the impairment calculations of trade receivables, which are accounted for at amortized cost in the consolidated financial statements and which do not include a significant financing component (less than a year). With this approach, the Group measures the allowances for losses on trade receivables from an amount equal to expected lifetime credit losses where trade receivables are not impaired for certain reasons (except for impairment losses). In the measurement of expected credit losses for trade receivables, certain provisioning ratios are calculated based on the number of days that the maturities of trade receivables are exceeded and these rates are reviewed and revised whenever necessary, in each reporting period. Each reporting period is calculated and re-evaluated.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents include cash on hand and demand/time deposits. Deposits under blockage are classified under cash and cash equivalents.

Financial classification, subsequent measurement and gains and losses

Financial liabilities of the Group are comprised of loans and borrowings, trade and other payables and derivative instruments.

Financial liabilities are classified as measured at amortised cost or FVTP. A financial liability is classified As of FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

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

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.2 Financial instruments (Continued)

(iii) Derecognition (Continued)

Financial assets (Continued)

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(iv) Offsetting of asset and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Group involves in derivative transactions mainly so as to manage borrowing cost up to acceptable level. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. The Group engages in currency forward, swap and accumulator options contracts. However, these derivatives are not designated in a hedge relationship that qualifies for hedge accounting and subsequent to initial recognition, all changes in its fair value are recognised immediately in profit or loss. The Group measures non-physical electricity purchase and sales contracts with their fair value.

(vi) Impairment

Financial assets and contractual assets

The Group recognises loss allowances for expected credit loss ("ECL")s on:

- financial assets measured at amortised cost;

The Group measures loss allowances for trade receivable and contractual assets at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.2 Financial instruments (Continued)

(vi) Impairment in assets (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(vii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of tax effect.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are taken into profit or loss in the period in which they are incurred, using the effective interest rate method.

2.6.4 Property, plant and equipment

(i) Mining assets

Mining assets consist of land, land improvements and buildings, mine development costs, and rehabilitation assets including deferred stripping costs whereafter they are measured at cost less accumulated amortisation and impairment. The depreciation starts when the production begins in the mining area. Depreciation of mining assets are included in production costs of related mining areas.

Development costs incurred to evaluate and develop new ore bodies, or to define mineralisation in existing ore bodies, road construction, or to establish or expand productive capacity are capitalised. Mine development costs are capitalised to the extent they provide probable access to reserves, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Development costs include sinking shafts, construction of underground galleries, roads and tunnels. Costs of producing coal is recognised in the statement of comprehensive income. In cases where it is difficult to separate the development costs from the exploration and evaluation costs, the entire costs are recognised as expense.

The depreciation starts when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Development costs incurred during the production phase are capitalised and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components (such as mine fields) and each component is depreciated separately by respective units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalised as future benefits will flow to the Group. Other than major overhauls, repairs are expensed as incurred. Depreciation and amortisation of development costs are calculated principally by the units of production method based on estimated proven and probable reserves of attributable area of interests.

Mine development costs at each mine site; The total amount of coal extracted from the relevant mine during the period is depreciated over the amortization rate found by dividing it by the total observable and probable processable remaining coal reserve amount in that mine site. The observable and probable reserves in each mining site represent the known and measurable resource that can be extracted and processed economically in the foreseeable future. The rehabilitation and mine closure costs of the mine sites that arise due to the mine site development activities and the production made; are recognized to the consolidated financial statements of the Group on the basis of discounted cash outflows at the reporting date, stemmed from expenditures that are likely to be made during the closure and rehabilitation of mines. The foregoing provisions are discounted to the value of the reporting date with the discount rate applied which is pre-tax and does not include the risk related to the estimation of future cash flows, taking into account the interest rate and the risk related to the liability, and the calculations are reviewed in each reporting period.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.4 Property, plant and equipment (Continued)

(i) Mining assets (Continued)

The provision for the rehabilitation and mine closure is capitalised in the cost of the related mining asset (recognised as separately as "rehabilitation asset" or "asset retirement obligation"). Changes in estimates of this provision are added to, or deducted from, the cost of the related asset subject to certain limits unless the related mine fields are depleted and the operation of coal mine extraction in the fields is ceased. The rehabilitation assets are depreciated using the lower of their useful life or units of production method which is the ratio of the number of ore extracted from the open pit areas during the period from the respective areas of interest to the remaining proven and probable coal reserves in the respective open pit mine field. The cost of ongoing current programs to prevent and control pollution, and the effect of changes in estimates regarding the provision for the mine field depleted and on which coal mine extraction activity is ceased, is charged against the statements of profit or loss as incurred.

Exploration and evaluation costs

Exploration costs are expensed as incurred. When a decision is taken that a mining property is capable of commercial production (when the Group management are able to demonstrate that future economic benefits are probable, which will be the establishment of increased proven and probable reserves at the relevant location) and legal permissions are obtained (e.g. mining license) for a specific area of interest; all further pre-production expenditure, including the costs related to property acquisitions and mineral and surface rights together with evaluation activities such as geological, geochemical studies and drilling for further technical feasibility (such as in-field exploration) in the relevant area of interest, are capitalised.

The Group management considers whether there is an impairment indicator such as significant decrease in resource and reserve, serious mine accidents, expiration or permanent cancellation of rights As of reporting dates.

Government incentives in mining investments

Polyak has an Investment Incentive Certificate ("IIC") issued by the Ministry of Industry and Technology regarding the investments to be made in the mining facility in Kınık/İzmir.

(ii) Powerplants (Operating)

When the Group's power plants (operating) are subject to revaluation, the carrying amount of power plant are adjusted to revalued amount. At the date of revaluation, the accumulated depreciation of powerplant (operating) are eliminated against the gross carrying amount of those power plants. Any increase arising on the revaluation of power plant is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously recognized. A decrease in the carrying amount arising on the revaluation of such power plants is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on power plant is charged through the profit or loss. On the subsequent sale or taken off the operation of a revalued powerplant, the attributable revaluation surplus remaining in revaluation reserve of the asset is transferred directly to retained earnings. Unless the asset is disposed, the revaluation fund is not transferred to the retained earnings.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.4 Property, plant and equipment (Continued)

(ii) Powerplants (Operating) (Continued)

At the reporting date, the Group's powerplants were given with its license maturity information and the subsidiary under which those are under operation as follows. The useful life for the powerplants stated at fair value in valuation report studies prepared in accordance with discounted cash flow ("DCF") approach were used considering the license maturity year as given in the table below.

Powerplants (Operation)	Entity	Operation area	License maturity
Karadere	Aysu Enerji Sanayi ve Ticaret A.Ş.	Wind energy	2060
Karova	Borares Enerji Elektrik Üretim A.Ş.	Wind energy	2060
Şadıllı	Çanres Elektrik Üretim A.Ş.	Wind energy	2061
Uluborlu	Kavram Enerji Yatırım Üretim ve Ticaret A.Ş.	Wind energy	2060
Günaydın	Manres Elektrik Üretim A.Ş.	Wind energy	2060
Salman	Öres Elektrik Üretim A.Ş.	Wind energy	2060
Ormandıra	Serin Enerji Elektrik Üretim Dağ. Paz. Sanayi ve	Wind energy	2061
Bergama	Ütopya Elektrik Üretim Sanayi ve Ticaret A.Ş.	Wind energy	2056
Ziyaret	Manres Elektrik Üretim A.Ş..	Wind energy	2053
Kızılcaterzi	Osres Elektrik Üretim A.Ş.	Wind energy	2061
Bağlama	Ares Elektrik Üretim A.Ş.	Wind energy	2068
Tayakadın	İstres Elektrik Üretim A.Ş.	Wind energy	2060
Yalova	Yares Elektrik Üretim A.Ş.	Wind energy	2060
Pazarköy	Tekno Rüzgar Enerji Yatırım Üretim ve Ticaret A.Ş.	Wind energy	2069
Çardak	Balres Elektrik Üretim A.Ş.	Solar energy	Planned life
Acıpayam	Balres Elektrik Üretim A.Ş.	Solar energy	Planned life
Kocadere	Balres Elektrik Üretim A.Ş.	Solar energy	Planned life
Kocabaş	Balres Elektrik Üretim A.Ş.	Solar energy	Planned life
Kocabaş	Adayel Elektrik Üretim A.Ş.	Solar energy	Planned life
Kocabaş	Beyres Elektrik Üretim A.Ş.	Solar energy	Planned life
Kocabaş	Elayel Elektrik Üretim A.Ş.	Solar energy	Planned life
Kocabaş	Gülres Elektrik Üretim A.Ş.	Solar energy	Planned life

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.4 Property, plant and equipment (Continued)

(iii) Other property, plant and equipment

Items of Property, plant and equipment other than mining assets including ones under ongoing investment processes, are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in “other income” or “other expense” through the profit or loss.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefit associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment other than mining assets are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognized on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation is recognized through the profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and construction in progress (unless it is ready to use) is not subject to depreciation.

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

	Useful lives(On Average/Interval)
Powerplants	Remaining licence period
Buildings and land improvements	5-50 year
Motor vehicles	2-5 year
Furniture and fixtures	2-20 year
Machinery and equipment	3-25 year

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.4 Property, plant and equipment (Continued)

(iii) Other property, plant and equipment (Continued)

Depreciation (Continued)

Leasehold improvements are amortized over the shorter of periods of the respective leases and their useful lives, also on a straight-line basis. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

2.6.5 Intangible assets

(i) Goodwill

The excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination was recognized as goodwill. Within the framework of IFRS 3 "Business Combinations", the portion of the purchase price exceeding the net fair value of the purchased identifiable assets, liabilities and contingent liabilities is accounted for as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired. When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase (negative goodwill)).

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments, including those on goodwill, shall be recognized retrospectively.

Other intangible assets of the Group have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

The carrying value of goodwill is reviewed at each reporting date and if necessary, permanent impairment amount are subject to be adjusted. In scope of IFRS 3, the carrying value of goodwill is reviewed at each year end so as to recognize the impairment losses if any.

(ii) License acquired through asset acquisition

Ares

Ares has been evaluated as of the share transfer transaction date and each reporting period within the scope of accounting for business combinations that are also allowed to be applied early within the scope of IFRS 3. Taking into account the phases of inputs and the process that are the basic functions of an enterprise, and the outputs which the process and inputs could have the ability to generate, it was evaluated that the acquisition was in the form of "asset acquisition" and the "transformation into the business" process has not been completely realized as of 31 December 2019. However, due to the partial commissioning processes towards the end of the current reporting period, the start of energizing and the acceleration in investment processes, it has been accepted that the "transformation into business" process has been completed

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.5 Intangible assets (Continued)

License acquired through asset acquisition (Continued)

Ares (Continued)

In return for the transfer of Ares shares, the Company will have to make cash payments to the seller for a total consideration of Euro 8,500, including Euro 750 in advance on the signature date and Euro 7,750 (recognised on historical cost at the date of transfer of Ares share) in total which will constitute the gross value of the acquired license and will be recognized in intangible assets on a historical cost. Since the valuation is applied for only for ready for use turbines of the 14 turbines that has been commissioned, the gross value calculated for ready for use turbine has been reduced from net book value of license at the date of commissioning and the remaining amount has been amortized over the remaining license life, considering the assumption that each turbine has an equivalent value. For the subsequent measurements of the license, when the asset acquisition transaction were transferred to business, an impairment test will be applied upon earlier of each year or in case of triggering event.

Tekno

Tekno has been evaluated as of the share transfer transaction date and reporting period within the scope of accounting for business combinations that are also allowed to be applied early within the scope of IFRS 3. Taking into account the phases of inputs and the process that are the basic functions of an enterprise, and the outputs which the process and inputs could have the ability to generate, it was evaluated that the acquisition was in the form of "asset acquisition". However, depending on the start of the electricity generation with partial start-up processes towards the end of the current reporting period and the acceleration in the investment processes, it has been assessed that the "conversion to operation" process has been completed. In return for the transfer of Tekno shares, the Company paid for a total consideration of TL 81,610, including Euro 9,460 in advance on the signature date and TL 81,610 in total which constitute the gross value of the acquired license and recognized in intangible assets on a historical cost. Since the valuation is applied for only for ready for use turbines of the 12 turbines that has been commissioned, the gross value calculated for ready for use turbine has been reduced from net book value of license at the date of commissioning and the remaining amount has been amortized over the remaining license life, considering the assumption that each turbine has an equivalent value. For the subsequent measurements of the license, when the asset acquisition transaction were transferred to business, an impairment test will be applied upon earlier of each year or in case of triggering event.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.5 Intangible assets (Continued)

(ii) Subsequent expenditures

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognized through profit or loss as incurred.

(iii) Amortization of other intangible assets

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

Purchased software program rights are amortized for 3 to 15 years whereas the amortization of production license are amortized over the remaining license period unless the respective powerplant commence or is almost accepted to be ready commence to operate. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.6.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received, if any.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.6 Leases (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate As of the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in "tangible/intangible assets" and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has chosen not to recognise right-of-use assets and lease liabilities for leases of short-term low value assets with a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.7 Impairment on assets

(i) Financial assets

The Group's accounting policy related to the impairment of financial assets was given in note 2.8.2.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-live intangible assets are tested annually for impairment. Since the tangible assets measured at the revaluated value are explained through the accounting policies of other tangible assets, no further disclosure were given herein.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.8 Employee benefits

Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. Reserve for employee severance indemnity is computed using the ceiling amounts applicable for each year of employment which were TL 15,371 and (31 December 2021: TL 8,285) respectively on the basis of total gross wages of 30 workdays and the other benefits and principals.

In the accompanying consolidated financial statements, the Group has recognized a reserve for employee termination indemnity calculated by using actuarial methods and discounted by using the current market yield at the balance sheet date on government bonds, in accordance with International Accounting Standards (IAS) No.19 "Employee Benefits".

The principal assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2022	**2021**
	%	**%**
Expected interest rate	22	22
Expected salary / wage increase	82	17

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term vacation pay liability if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. In accordance with the existing labor law in Turkey, the Group is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.9 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contractual obligations

Main operations of the Group are to involve in wholesale of electricity to group companies and to other players in the market. The Group involves in commitment with the parties having role of buyer and seller in order to sell/purchase minimum level of electricity for fixed term or specific period. Especially, bilateral agreements with suppliers enable the Group to manage its purchasing position according to estimated electricity sales of related parties.

The electricity agreements includes the terms and conditions in case of either seller or buyer side. Due to the fact that the electricity could not be stored and the impossibility of determination of from whom the Group purchases the electricity used, it is impractical to prepare gross margin analysis on a contractual basis. Instead, the management monitors whether if the Group has an outstanding onerous contract during/at the reporting date through the comparison of the fixed sales price rates with the average current market price buying rates.

Obligations upon improper estimations

If the Group management does not reliably estimate the volume of purchasing and selling of electricity, the Group has to involve additional purchase/sell transactions from Enerji Piyasaları İşletme A.Ş. ("EPİAŞ") or other parties in the market leading the Group incur incremental costs in both of sales/purchase transaction to satisfy the contractual commitments.

Provisions for EMRA regulations

In case of incompliance with the Electricity Market Act numbered 6446 as well as with the regulations and communiqués promulgated by Energy Market Regulation Authority ("EMRA"), EMRA has the right to send a letter notifying the reason and related penalty fee with payment maturity to the Group. Although those penalties generally are paid in advance, some payments could be delayed until the final confirmation is reached in case of disagreement with EMRA. Based on the final conclusions as a result of assessment made by the Legal Department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position as the notification is received.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.10 Revenue

IFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) a performance obligation either a good or service that is distinct;

(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group defines a good or service in the contract separately from other commitments in the contract and defines it as a different good or service if it enables the customer to benefit from the said good or service alone or in combination with other resources available for use.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Company concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.10 Revenue (Continued)

Variable consideration

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Company recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or

-The customer controls the asset as the entity creates or enhances it, or

- Company’s performance does not create an asset for which the entity has an alternative use and there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Company recognize revenue at the point in time at which it transfers control of the good or service to the customer. The Company recognizes a provision in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.10 Revenue (Continued)

Electricity sales

The Group's performance obligations consist of electricity generation, retail and wholesale services. The customer consumes the benefit that the Group derives from the performance simultaneously. Electricity sales are accounted for at the time of electricity delivery. Revenue (excluding the distribution part) is recognized over the delivery of electricity to subscribers or the realization of the service. The delivery is considered completed when the risks and rewards associated with ownership are contractually delivered to the subscriber, the price is determined according to the contract, and the collection of the receivables arising from the transaction is possible.

Due to the fact that the electricity could not be stored, the purchase and sales realises at the same time and accordingly revenue and cost of revenue are recognised at the transaction time. Monthly invoicing is made at the month ends, when the Group prepares invoices for rendering services to its customers during one month period. Revenue based on electricity used by the customers, is recognized on an accrual basis when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue is measured reliably, and recovery of the consideration and the inflow of economic benefits related with the transaction are probable. Net revenues represent the invoiced value of electricity used less sales discounts.

The Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying financial statements. The Group's electricity generation subsidiaries sold electricity to EPİAŞ and Aydem Elektrik Perakende Satış AŞ ("Aydem") with feed-in tariff price of Renewable Energy Resources Support Mechanism ("RERSM"). By nature, this service realizes at the same time which the electricity generated as one transaction and accordingly revenue is recognised at the transaction time.

2.6.11 Finance income and expenses

Finance income, mainly comprised of interest income, gains from derivative transactions, foreign exchange gains and proceeds, including those from related parties. Interest income, is recognized in profit or loss on an accrual basis.

Finance expenses mainly comprised of interest expense on borrowings and for right-of-use assets under IFRS 16, losses from derivative transactions, foreign exchange losses, commission expenses, bank charges and similar finance costs.

Borrowing costs of a qualifying asset that is not directly related to purchase, construction or production of the asset is recognized in profit or loss by using the effective interest rate method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position based on subsidiaries consolidated.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.12 Corporate income taxes

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

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss ;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if the required conditions met.

Mining Investments

The Group obtained the investment incentive certificate obtained on 16 June 2014 from Ministry of Economy for mining zone in Kınık, İzmir. Due to the fact that the investment subject to the incentive certificate is included in the priority investment, if the investment amount is more than 1 billion Turkish Lira and above, tax incentive is added to the investment contribution rate by 10 points and 50% is applied.

In this context, according to the incentive certificate, 80% tax reduction will be applied for the upcoming taxable income until it reaches 50% of the portion of the investments counted within the scope of the incentive certificate. The tax discount rate shall be applied by 80% over the upcoming taxable income for the portion subject to incentive scope.

In accordance with the article 32/A of Corporate Tax Law, the income generated over the eligible investments through the certificate granted by the Treasury Undersecretary of Turkey will be subject to the discounted tax rate until reaching the total contribution right over the total eligible investment. Besides, according to 2nd article of the communique operation start date is determined as date of completion of the investment or the application date for the visa of licence for the completion of the investment, if earlier.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.12 Corporate income taxes (Continued)

(iii) Corporate income tax and dividend applications

According to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

With the publication of Law No. 7316 on Certain Amendments to the Law on the Collection of Public Receivables and Certain Laws in the Official Gazette on April 22, 2021, the corporate tax rate applicable to income for the years 2021 and 2022 was modified as; 25% for the income derived in 2021, 23% for the income derived in 2022 and these rates will apply for the period starting within the relevant year for the taxpayers, subject to a special accounting period.

Advance tax is declared by the 14th of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the 25th day of the four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filling during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous period.

75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2017. However, according to the amendments by Law numbered 7061, this rate for immovable property is reduced from 75% to 50% and tax declarations starting from 2019 will be calculated using 50%. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The receivable amount from those sales should be collected by the end of the second calendar year following the year of sale.

(iv) Witholding tax application

As per the decision no, 2006/10731 of the Council of Ministers published in the Official Gazette no, 26237 dated 23 July 2006, certain duty rates included in the articles no,15 and 30 of the new Corporate Tax Law no,5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased from 10 percent to 15 percent.

There is a withholding tax liability when making dividend distributions and this liability is accrued at the time of dividend payment. The dividends distribution to the entities other than resident taxpayer and limited taxpayer entities which earn income through its office operating in Turkey or through permanent

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.12 Corporate income taxes (Continued)

representative office are subject to withholding tax liability by 15%. When applying the withholding rates regarding the dividend distributions made to limited taxpayers entities and persons, the withholding rates included in the relevant Double Tax Prevention Agreements are also taken into consideration. The transfer of previous years' profits to the capital is not regarded as dividend distribution, so it is not subject to withholding tax.

(v) *Tax exposures*

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The provisions concerning to the "thin capitalization" are stated in the Article 12 of new corporate tax law. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the Group at the beginning of the related year during the current year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalization provided with;

- The borrowings obtained directly or indirectly from the shareholders of the companies or related entities defined therein foregoing legislation,

- Used for/in the entity,

- Borrowings exceeds three times of the beginning of the related year shareholders' equity of the Group at any time during the related year.

(vi) *Transfer pricing*

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.13 Subsequent events

Subsequent events represents the events after reporting date comprising any event between the reporting date and the date of authorization for the financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events after reporting date); and

- to have evidences of showing related subsequent events occurred after reporting date (non adjusting events after reporting date).

The Group adjusts its consolidated financial statements according to the new condition if adjusting events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

2.6.14 Expenses

Expenses are accounted on an accrual basis. Activities related expenses are recognized when incurred.

2.6.15 Related parties

Parties are considered related to the Company (or Group) if:

(a) directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

(b) the party is an associate of the Group ;

(c) the party is a joint venture in which the Group is a venture;

(d) the party is member of the key management personnel of the Group as its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d);

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

2 Basis of preparation of financial statements *(Continued)*

2.6 Significant Accounting Policies *(Continued)*

2.6.16 Dividends

Dividend receivables are recognized as income in the period that they are declared. Dividends payable as an element of profit, the General Assembly decided to distribute dividends are recognized in the financial statements in the period that they are declared.

2.6.17 Statement of cash flows

In the consolidated cash flow statement, cash flows are classified as operating, investing and financing activities.

Cash flows from operating activities shows the cash flows from main operations of the Group including electricity wholesales, electricity retail sales and sales of electricity produced.

Cash flows from investing activities represent the cash flows used in / provided from investing activities (tangible and intangible investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are cash, bank deposits and other Short-term investments whose maturity are less than 3 months after purchasing date, having high liquidity without having risks of significant change of value.

2.7 Significant accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2 Basis of preparation of financial statements *(Continued)*

2.7 Significant accounting estimates and assumptions *(Continued)*

Information about critical judgement together with assumptions that might have significant effect through the consolidated financial statements of the Group are included in the following notes:

Note 4- Other payables to related parties

Group management has classified the short and Long-term liabilities for other payables to related parties, based on forecasted cash flows.

Note 7–Impairment of trade receivables

Note 10-11 – Useful lives of tangible and intangible fixed assets and impairment

Note 16 – Advance payment

Group management has evaluated the foreign currency denominated advances given for pre-exemption rights to obtain shares to the extent that its respective terms of contract together with the outstanding case at the reporting date makes more reasonable to state those at their recoverable value.

Note 25 – Deferred tax assets and liabilities

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Note 10– Fair value measurement of operating powerplants

The valuation report was issued by the independent valuation company as accredited by Capital Market Board of Turkey on 31 December 2022 (31 December 2021: valuation report with release date of 31 December 2021).

The valuation techniques and parameters used in foregoing valuation studies were given as follows:

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

2 Basis of preparation of financial statements *(Continued)*

2.7 Significant accounting estimates and assumptions *(continued)*

Note 10– Fair value measurement of operating powerplants (continued)

Powerplants (Operation)	Company	Operation area	Valuation Method	Discount rate (US Dollar)	Capacity factors (Gross) Interval %	Unit sale price interval (Per Mw)	Period used in INAs
Karadere	Aysu Enerji Sanayi ve Ticaret A.Ş.	Wind energy	INA	10.46%	39-43%	74-78 USD	2023-2060
Karova	Borares Enerji Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	30-34%	74-76 USD	2023-2060
Şadıllı	Çanres Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	42-46%	74-78 USD	2023-2060
Uluborlu	Kavram Enerji Yatırım Üretim ve Ticaret A.Ş.	Wind energy	INA	10.46%	29-33%	74-78 USD	2023-2059
Günaydın	Manres Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	32-36%	74-78 USD	2023-2060
Salman	Öres Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	41-45%	74-78 USD	2023-2060
Ormandıra	Serin Enerji Elektrik Üretim Dağ. Paz. Sanayi ve Ticaret A.Ş.	Wind energy	INA	10.46%	42-46%	74-78 USD	2023-2061
Bergama/Düzova	Ütopya Elektrik Üretim Sanayi ve Ticaret A.Ş.	Wind energy	INA	10.46%	31-35%	73-77 USD	2023-2055
Ziyaret	Manres Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	38-42%	73-77 USD	2023-2052
Kızılcaterzi	Osres Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	33-37%	95-99 USD	2023-2060
Bağlama	Ares Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	29-33%	95-99 USD	2023-2068
Pazarköy	Tekno Rüzgar Enerji Yatırım Üretim ve Ticaret A.Ş.	Wind energy	INA	10.46%	41-45%	95-99 USD	2023-2068
Tayakadın	İstres Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	32-36%	95-99 USD	2023-2060
Yalova	Yares Elektrik Üretim A.Ş.	Wind energy	INA	10.46%	34-38%	95-99 USD	2023-2060
Çardak	Balres Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	19-23%	81-133 USD	2023-2043
Acıpayam	Balres Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	19-23%	81-133 USD	2023-2043
Kocadere	Balres Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	19-23%	81-133 USD	2023-2043
Kocabaş	Balres Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	19-23%	81-133 USD	2023-2043
Kocabaş	Adayel Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	20-24%	81-133 USD	2023-2043
Kocabaş	Beyres Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	20-24%	81-133 USD	2023-2043
Kocabaş	Elayel Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	20-24%	81-133 USD	2023-2043
Kocabaş	Gülres Elektrik Üretim A.Ş.	Solar energy	INA	10.46%	19-23%	81-133 USD	2023-2043

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

3 Segment reporting

Segment results that are reported to the Group's Board of Directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has not disclosed segment information since it mainly operates in the energy sector in the field of electricity production including the related construction services together with the wholesale/retail within the borders of Turkey.

4 Related party disclosures

As the details are explained in IAS 24 "Related Party Disclosures" in the consolidated financial statements, shareholders, important management personnel and members of the board of directors, their families and companies controlled by them or affiliated to them, as well as affiliates and jointly controlled partnerships are considered as related parties.

(a) Balances due from/to related parties

Trade receivables from related parties

As of 31 December, due from the related parties are as follow:

	31 December 2022	31 December 2021
Polyak Eynez Enerji A.Ş.	132,862	17,235
Fiba Summa Adi Ortaklığı	3,685	2,121
Fiba CP Gayrimenkul Yönetim Hizmetleri	1,416	1,017
Marka Mağazacılık A.Ş.	753	435
Gelecek Varlık Yönetimi A.Ş.	209	126
Fibabanka A.Ş.	179	361
Anadolu Japan Turizm A.Ş.	--	2,687
Özyeğin Üniversitesi	--	312
Other	9	279
Total	**139,113**	**24,573**

Trade receivables from related parties comprised of electricity retail sales to the Group companies. There is no collateral given or received from related parties for trade receivables and payables. Average collection period of the trade receivables is between 15-30 days. Interest rate as average 18.4% during the current year, for TL receivables respectively, have been applied (2021: 17.9%, respectively).

Other receivables to related parties

As of 31 December, other Short-term receivables to related parties are as follow:

	31 December 2022	31 December 2021
Fiba Holding A.Ş.	474,574	25
Polyak Eynez Enerji A.Ş.	72	2,696
Kıres Elektrik Üretim A.Ş.	--	27
Total	**474,646**	**2,748**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

4 Related party disclosures *(Continued)*

Balances due from/to related parties *(Continued)*

Other payables to related parties

As of 31 December, other short-term payables to related parties are as follow:

	31 December 2022	31 December 2021
Fiba Capital Investments B.V.	45,413	52,837
Anchor Retail Investments N.V.	27,878	30,607
Fiba Holding A.Ş.	--	18,847
Fina Holding A.Ş.	--	32,979
Other	--	4
Total	**73,291**	**135,274**

These balances consist of the remaining amounts provided to the Group from its related parties for financing. An annual interest rate of 14.29%-19.15% in TL inter-company balance was applied during 2022 (2021: 16.08%-18.71% annually). There is no collateral received or given to the related parties within the scope of these balances.

Trade payables to related parties

As of 31 December, trade payables to related parties are as follow:

	31 December 2022	31 December 2021
Fiba Holding A.Ş.	6,927	--
Fina Holding A.Ş.	9,032	--
Anchor Grup S.A.	200	--
Fiba Emeklilik ve Hayat A.Ş.	5	21
Anchor Retail Investments N.V.	20	--
Anadolu Japan Turizm A.Ş.	4,108	--
Total	**20,292**	**21**

There is no collateral received or given to the related parties within the scope of these balances.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

4 Related party disclosures *(Continued)*

(a) Balances due from/to related parties *(Continued)*

Cash and cash equivalents

As of 31 December, cash and cash equivalents from related parties are as follow:

	31 December 2022	31 December 2021
Credit Europe NV (Time deposit)	647,338	280,410
Fibabanka A.Ş. (Time deposit)	--	142,630
Time deposits	**647,338**	**423,040**
Fibabanka A.Ş. (Demand deposit)	9,784	44,358
Credit Europe SA (Demand deposit)	75,234	406
Demand deposits	**85,018**	**44,763**
Grand total	**732,356**	**467,804**

Time deposits details in related parties	Maturity	Interest rate	31 December 2022
TL	January 2023	22.85% -24.65%	647,338
Total			**647,338**

Time deposits details in related parties	Maturity	Interest rate	31 December 2021
TL	January 2022	16.50%-17.50%	171,263
USD	January 2022	1%	142,630
Total			**313,893**

As of 31 December, the loan positions from the related parties were given with the terms details as follows:

Related parties	Maturity	Interest rate range	31 December 2022
Credit Europe Russia-USD	2025	5.00%	420,829
Fibabanka - EUR	2024	EURIBOR + 6%	21,682
Credit Europe NV –TL	2022	22.85% - 24.65%	648,055
Related parties	**Maturity**	**Interest rate range**	**31 December 2021**
Credit Europe Russia -USD	2025	5.00%	220,774
Fibabanka - EUR	2024	EURIBOR + 6%	43,094
Credit Europe NV –TL	2022	17.10% - 18.10%	280,451

As of 31 December, the derivative positions from the related parties operating in banking were given as follows:

	31 December 2022	31 December 2021
Fibabanka A.Ş.	--	273
Derivative assets	**--**	**273**
Fibabanka A.Ş.	(48)	(8,501)
Derivative liabilities	**(48)**	**(8,501)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

4 Related party disclosures *(Continued)*

(b) Transactions with related parties

For the years ended 31 December, income recognized from the related parties were given as follows:

Income from related parties	Nature of transaction	2022	2021
Polyak Eynez Enerji A.Ş.	Electricity sales	236,099	83,032
Credit Europe N.V.	Interest from time deposits	86,807	33,421
Anadolu Japan Turizm A.Ş.	Electricity sales	42,349	14,873
Özyeğin Üniversitesi	Electricity sales	24,520	836
Fiba Summa Adi Ortaklığı	Electricity sales	22,892	9,789
Fiba CP Gayrimenkul Yönetim Hizmetleri	Electricity sales	12,026	19,878
Fibabanka A.Ş.	Derivative transactions	9,094	4,171
Marka Mağazacılık A.Ş.	Electricity sales	6,440	2,881
Gelecek Varlık Yönetimi A.Ş.	Electricity sales	1,583	764
Fiba Emeklilik ve Hayat A.Ş.	Electricity sales	301	126
Fibabanka A.Ş.	Interest from time deposits	121	923
Other	Miscallenaus	--	44
Total		**442,232**	**170,738**

For the years ended 31 December, expense recognized (including cost capitalized) from the related parties were given as follows:

Expense due to related parties	Nature of transaction	2022	2021
Credit Europe N.V.	Finance cost &derivative transactions	89,586	35,150
Fina Holding A.Ş.	Bail commission expenses	29,420	27,942
Fiba Holding A.Ş.	Bail commission expenses	17,979	15,885
Credit Europe Russia	Interest expense	12,275	11,818
Fiba Faktoring	Interest expense	7,116	--
Fiba Capital Investments B.V.	Insurance services	2,853	--
Fibabanka A.Ş.	Interest expense	1,720	10,265
Anchor Retail Investments N.V.	Intercompany charges	1,713	23
Girişim Alacak Yönetim A.Ş.	Insurance services	15	25
Total		**162,677**	**101,108**

There is no interest expenses incurred in 2022 recognized as capitalized finance cost (2021: None).

There is no collateral received from or given to the related parties within the scope of these transactions.

(c) Transactions with key management personnel

The key management consists of the Chairman of the Board of Directors - Members and senior managers such as the General Manager. The sum of all benefits such as salary, bonus, attendance fee provided to the senior management of the Group for the year ended 31 December 2022 amounted to TL 29,754 (December 31, 2021: TL 15,454).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

5 Cash and cash equivalents

As of 31 December, cash and cash equivalents comprised the following:

	31 December 2022	31 December 2021
Bank deposit	1,183,482	565,097
- Time deposit	*973,069*	*500,758*
- Demand deposit	*210,413*	*64,339*
Other cash and cash equivalents (*)	1,459	29,724
Cash	38	53
Cash and cash equivalents	**1,184,979**	**594,874**
Restricted cash at banks	(732,412)	(321,581)
Restricted credit card receivables	(114)	(85)
Cash and cash equivalents- for statement of cash flows	**452,453**	**273,208**

As of 31 December, interest rates and maturity dates of time deposits is as follows:

31 December 2022	Maturity	Interest rate interval	31 December 2022
TL	January 2023	22.25% - 24.65%	907,221
USD	January 2023	0.10% - 0.16%	65,848
Total			**973,069**
31 December 2021	**Maturity**	**Interest rate interval**	**31 December 2021**
TL	January 2022	10% - 17.50%	311,136
USD	January 2022	0.01% – 0.18%	189,621
Total			**500,757**

(*) As of 31 December 2022, bank accounts include a blockage amounting to TL 77,763 on the Takasbank accounts due to electricity sales and purchase transactions (31 December 2021: TL 8,279) and TL 7,736 on various bank accounts for direct debiting systems ("DDS") (31 December 2021: TL 3,845). Other than those mentioned herein, the Group's time deposit accounts with less than 3 months maturity and amounting to TL 646,913 were pledged to secure the loans utilized from the same financial institution with same maturity at 31 December 2022 (31 December 2021: TL 182,269). The Group has no deposits securing the futures exchange transactions performed in VIOP starting within the current period (31 December 2021: TL 1,371).

The Group's exposure to interest, credit, currency risk for cash and cash equivalents are disclosed in Note 26.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

6 Loan and borrowings

As of 31 December, financial liabilities comprised the following:

Short-term financial borrowings	**31 December 2022**	**31 December 2021**
Short-term bank loans	1,423,039	1,089,024
Short-term factoring	484,512	--
Short-term issued marketable securities	44,800	--
Short-term portion of long-term borrowings	2,395,781	2,264,634
Short-term portion of long-term bank loans	*1,410,376*	*2,158,176*
Short-term portion of long-term bonds	*972,154*	*58,518*
Short-term portion of long-term finance lease liabilities	*13,251*	*47,940*
Total Short-term financial borrowings	**4,348,132**	**3,353,658**
Long-term financial borrowings		
Long-term bank loans	4,820,185	7,058,791
Issued bonds	433,213	1,043,414
Long-term finance lease liabilities	--	16,483
Total Long-term financial borrowings	**5,253,398**	**8,118,688**
Total financial borrowings	**9,601,530**	**11,472,346**

As of 31 December, the terms and conditions of outstanding short-term loans comprised the following:

			31 December 2022		
	Currency	**Nominal interest rate**	**Maturity**	**Nominal value**	**Carrying amount**
Secured bank loans	EUR	5.50%- 7.00%	2023	171,749	171,952
Secured bank loans	TL	13.70% -32.00%	2023	889,000	903,975
Secured bank loans	USD	8.50%-9.75%	2023	341,859	347,112
Factoring (Cerean)	TL	25.00%- 29.00%	2023	481,813	484,512
Bond (Cerean)	TL	27.00%	2023	44,212	44,800
				1,928,633	**1,952,351**

			31 December 2021		
	Currency	**Nominal interest rate**	**Maturity**	**Nominal value**	**Carrying amount**
Secured bank loans	EUR	2.64% - 5.00%	2022	484,137	486,792
Secured bank loans	TL	17.10% - 21.15%	2022	418,887	434,725
Secured bank loans	USD	5.90%	2022	166,157	167,507
				1,069,181	**1,089,024**

As of 31 December 2022, Fina Holding A.Ş. and/or Fiba Holding A.Ş. are the guarantors for loans and borrowings, whereas in rare cases secured only by Fiba Yenilenebilir Enerji Holding A.Ş. as being its sole guarantor for the loans utilized by its subsidiaries are classified as unsecured liabilities. Other than those mentioned herein, the Group's time deposit accounts with less than 3 months maturity and amounting to TL 647,338 were pledged to secure the loans utilized from the same financial institution with the same maturity at 31 December 2022 (31 December 2021: TL 182,269).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

6 Loans and borrowings *(Continued)*

As of 31 December, the terms and conditions of long-term loans and borrowings are given below:

31 December 2022					
	Currency	**Nominal interest rate**	**Maturity**	**Nominal Value**	**Carrying amount**
Secured bank loans	EUR	Euribor + 0.55% - Euribor + 6.0%	2023-2032	2,691,299	2,593,759
Secured bank loans	USD	Libor + 0.90% -Libor + 6.15%/7.50%	2023-2036	3,935,591	3,615,917
Secured bank loans	TL	13.41% - 32%	2023	20,000	20,883
Financial lease	EUR	4.50%	2023	13,244	13,251
				6,660,134	**6,243,810**

31 December 2021					
	Currency	**Nominal interest rate**	**Maturity**	**Nominal Value**	**Carrying amount**
Secured bank loans	EUR	Euribor + 0.55% - Euribor + 6.0%	2023-2032	4,300,241	4,185,772
Secured bank loans	USD	Libor + 0.90% -Libor + 6.15%	2023-2036	6,007,062	4,922,286
Secured bank loans	TL	9.5% - 21.00%	2022	106,775	108,911
Financial lease	EUR	4.50%	2023	64,423	64,423
				10,478,501	**9,281,392**

As of 31 December, net carrying value based on repayment plans on bank borrowings is presented at the table below:

	31 December 2022	**31 December 2021**
Between 0-6 months	2,723,419	1,998,524
Between 6-12 months	639,308	1,248,676
Between 1-2 years	950,848	1,613,831
Between 2-5 years	1,949,331	2,815,174
More than 5 years	1,920,006	2,629,786
Total	**8,182,912**	**10,305,991**

As of 31 December, net carrying value based on repayment plans on lease liabilities is presented at the table below:

	31 December 2022	**31 December 2021**
Between 0-6 months	13,251	23,037
Between 6-12 months	**--**	24,903
Between 1-2 years	**--**	16,483
Total	**13,251**	**64,423**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

6 Loans and borrowings *(Continued)*

The distribution of the carrying value of the Group's bonds issued as of 31 December according to the payment schedule is as follows:

	31 December 2022	31 December 2021
Between 0-6 months	40,778	31,980
Between 6-12 months	931,376	26,538
Between 1-2 years	433,213	1,043,414
Total	**1,405,367**	**1,101,932**

The movement of the loans and borrowing for the year ended 31 December 2022 for the statement of consolidated cash flow purposes is as follows:

	31 Aralık 2022				
	Bank borrowings	**Factoring**	**Leasing**	**Bonds issued**	**Total**
Balance at 1 January	**10,305,992**	**--**	**64,423**	**1,101,932**	**11,472,347**
Unrealized foreign exchange losses	1,694,106	--	7,975	345,461	**2,047,542**
Interest expense	85,384	3,287	--	--	**88,671**
Interest payment	(2,238,482)	(847,215)	(33,942)	--	**(3,119,639)**
Cash flows from borrowings, net	1,838,765	1,328,440	--	433,898	**3,601,103**
Net monetary gain / (loss)	(4,032,165)	--	(25,205)	(431,124)	**(4,488,494)**
Balance at 31 December	**7,653,600**	**484,512**	**13,251**	**1,450,167**	**9,601,530**

The movement of the loans and borrowing for the year ended 31 December 2021 for the statement of consolidated cash flow purposes is as follows:

	31 Aralık 2021			
	Bank borrowings	**Leasing**	**Bonds issued**	**Total**
Balance at 1 January	**13,686,329**	**1,189,066**	**--**	**14,875,395**
Disposal from business demerger	(5,403,449)	(993,347)	--	**(6,396,796)**
Unrealized foreign exchange losses	4,822,510	36,578	296,664	**5,155,752**
Borrowing costs capitalized	120,764	--	--	**120,764**
Interest expense	387,694	3,382	6,382	**397,458**
Interest payment	(368,047)	(3,382)	--	**(371,429)**
Cash flows from borrowings, net	746,256	(39,277)	1,053,029	**1,760,008**
Net monetary gain / (loss)	(3,686,065)	(128,597)	(254,143)	**(4,068,805)**
Balance at 31 December	**10,305,992**	**64,423**	**1,101,932**	**11,472,347**

Exchange rate, liquidity, interest rate risks and sensitivity analyzes regarding financial liabilities are disclosed in Note 26.

No fixed assets were purchased through financial leasing in 2022. (2021: None)

It is the unrealized exchange rate effect reflected directly in the income statement.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

7 Trade receivables and payables

Short-term trade receivables

As of 31 December, short-term trade receivables comprised the following:

	31 December 2022	31 December 2021
Trade receivables	1,338,552	466,606
Trade receivables from related parties (Note 4)	139,146	24,573
Doubtful receivables	40,531	31,262
Allowance for doubtful receivables	(40,531)	(31,262)
Total	**1,477,698**	**491,179**

Provision for doubtful receivables are determined by considering the uncollectible receivables related with previous periods. Trade receivables of the Group mainly comprise of receivables related with electricity wholesaling and retailing and sale of electricity production transactions.

At the reporting date, the Group has income accrual for electricity sales made to EPİAŞ and Aydem, but not yet invoiced, amounting to TL 14,612 and TL 4,772 respectively (31 December 2021: TL 55,017 and TL 5,099). The Group's subsidiary, Cerean, recognized income accrual for electricity sales to the other customers by the total amount of TL 405,056 (31 December 2021: TL 159,250) as recognized under trade receivables.

The average collection period of the trade receivables is 15-30 days whereas it varies depending upon the contracts made with the customers (31 December 2021: 15-30 days).

Movement of impairment for doubtful receivables for the years ended at 31 December is as follows:

	31 December 2022	31 December 2021
Balance as at the beginning of the period	**31,262**	**22,411**
Allowance for the year (Note 21)	25,482	15,248
Collected during the year (Note 21)	(2,439)	(3,555)
Disposal from business demerger	--	(2,842)
Gains/(losses) on net monetary position	(13,774)	--
Total	**40,531**	**31,262**

Short-term trade payables

As of 31 December, short-term trade payables comprised the following:

	31 December 2022	31 December 2021
Payables to EPİAŞ	244,786	7,620
Payables to electricity wholesale firms	123,159	21,197
Türkiye Elektrik İletim A.Ş. ("TEİAŞ")	103,158	79,982
Other trade payables	51,590	73,451
Payables to electricity distribution firms	36,594	35,252
Payables to asset acquisition contracts	4,993	124,139
Payables to powerplants investments	--	9,066
Total	**564,280**	**350,707**

At the reporting date, the Group has expense accrual recognized through trade payables by the amount of TL 343,143 (31 December 2021: TL 65,215).

The further disclosures of credit, liquidity and currency risk that the Group is exposed to with respect to the trade receivables and payables are included in Note 26.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

7 Trade receivables and payables *(Continued)*

Long-term trade payables

At the current reporting date, the Group has no long-term trade payable. (31 December 2021: TL 6,206).

8 Other receivables and payables

As of 31 December, other short and long-term receivables comprised the following:

Other short-term receivables	**31 December 2022**	**31 December 2021**
Other receivables from related parties	474,646	2,748
Receivables from guarantees to be returned	5,375	199
Other miscellaneous receivables	1,482	109
Advances for debt follow-up	293	514
Receivables from tax authorities	150	499
Receivables from personnel	80	62
Total	**482,026**	**4,131**

Other long-term receivables	**31 December 2022**	**31 December 2022**
Deposits and guarantees given	693	1,145
Other miscellaneous receivables	997	1,206
Total	**1,690**	**2,351**

As of 31 December, other short-term payables comprised the following:

	31 December 2022	**31 December 2021**
Due to related parties (Note 4)	73,291	135,274
Municipal consumption tax	18,361	6,789
Payable for Türkiye Radyo ve Televizyon Kurumu ("TRT") and energy fund	**--**	1,758
Other miscellaneous payables	759	1,202
Total	**92,411**	**145,023**

The further disclosures of credit, liquidity and currency risk that the Group is exposed to with respect to the other receivables and payables are included in Note 26.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

9 Prepaid expenses, deferred revenue and contract liabilities

Prepaid expenses

As of 31 December, prepaid expenses under current assets comprised the following:

Current assets	**31 December 2022**	**31 December 2021**
Prepaid dealer premiums (*)	22,045	9,535
Prepaid insurance and services expenses	6,616	11,643
Advances given to suppliers	2,609	96,848
Work advances	272	263
Prepaid financing expenses (**)	--	17,570
Other prepaid expenses	14,379	11,452
Total	**45,921**	**147,311**

(*) The amount consists of the premiums paid to the dealers work with Cerean, the Group's subsidiary operating in electricity wholesale.

(**) The amount consists of the financing insurance premium portion that falls within the credit tranche that is expected to be used within the next year, provided to Euler Hermes via the creditor, for which the project financing has been initiated but has not been utilized yet, has been reclassified as prepaid financing expenses.

As of 31 December, prepaid expenses under non-current assets comprised the following:

Non-current assets	**31 December 2022**	**31 December 2021**
Advances given for fixed asset purchases (*)	628	959
Prepaid expenses for the following years	7,525	4,517
Total	**8,153**	**5,477**

(*) During the current period, the company paid premiums to the dealers it worked for, in return for gaining customers for 12 and 24 months.

Deferred revenue

As of 31 December, short-term portion of deferred revenue comprised the following:

Short-term	**31 December 2022**	**31 December 2021**
Advances received	131,635	34,667
Deferred revenue	**--**	5
Other	144	971
Total	**131,779**	**35,643**

As of 31 December 2022, the Group has not recognized any deferred revenue. (31 December 2021: The non-current term portion of the deferred revenue is TL 243 which is arising from the sale and lease back.)

Contract liabilities

As of 31 December 2022, contract liabilities mainly consists of cash collection from customer of a subsidiary of the Group operating in electricity wholesale amounting to TL 135,603 (31 December 2021: TL 34,667) which is expected to be recognised as revenue for the future period. These amounts are occurred when prepayment was made by customer according to customer contract.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

10 Property, plant and equipment

Movement of cost and related accumulated depreciation for other property, plant and equipment, during the years ended 31 December were as follows:

	Power plants	Land, land improvements and buildings	Vehicles	Furniture and fixtures	Plant, machinery and equipment	Construction in progress	Leasehold improvements	Total
Cost Value								
Opening balance as of 1 January 2021	**9,176,699**	**291,008**	**1,179**	**16,653**	**1,244,250**	**2,139,804**	**3,367**	**12,872,960**
Additions	--	--	4,238	784	40,952	942,345	--	988,319
Capitalized finance costs	--	--	--	--	--	120,764	--	120,764
Transfers between the tangible assets	2,822,405	--	--	--	--	(2,822,405)	--	--
Transfers from intangible assets	207,469	--	--	--	--	--	--	207,469
Disposals	(445)	--	(259)	--	--	--	(4)	(708)
Settlement of current year charge over restated cost (Net basis method)	(185,308)	--	--	--	--	--	--	(185,308)
Disposal from business demerger	--	(122,374)	(483)	(10,725)	(1,245,300)	(309,143)	(445)	(1,688,470)
Revaluation increase (Net basis disclosure) (Note 18)	14,470,025	--	--	--	--	--	--	14,470,025
Foreign exchange differences	--	33,222	--	--	--	--	--	33,222
Closing balance as of 31 December 2021	**26,490,845**	**201,856**	**4,675**	**6,712**	**39,902**	**71,365**	**2,918**	**26,818,273**
Additions	--	--	10,982	360	--	121,698	--	133,040
Transfers between the tangible assets	164,849	--	--	--	--	(164,849)	--	--
Disposals	(4,024)	--	(4,677)	(1,492)	(729)	--	--	(10,922)
Settlement of current year charge over restated cost (Net basis method)	(415,410)	--	--	--	--	--	--	(415,410)
Foreign exchange differences	--	(39,213)	--	--	--	--	--	(39,213)
Revaluation increase (Net basis disclosure) (Note 18)	(5,570,393)	--	--	--	--	--	--	(5,570,393)
Closing balance as of 31 December 2022	**20,665,867**	**162,643**	**10,980**	**5,580**	**39,173**	**28,214**	**2,918**	**20,915,375**
Accumulated depreciation								
Opening balance as of 1 January 2021	**--**	**14,235**	**221**	**9,409**	**161,518**	**--**	**2,828**	**188,211**
Current year depreciation	185,308	--	281	222	81,905	--	44	267,760
Disposal from business demerger	--	(14,235)	(156)	(4,435)	(203,521)	--	--	(222,347)
Settlement of current year charge over restated cost (Net basis method)	(185,308)	--	--	--	--	--	--	(185,308)
Closing balance as of 31 December 2021	**--**	**--**	**99**	**3,098**	**63,005**	**--**	**489**	**73,059**
Current year depreciation	415,410	--	139	110	40,516	--	17	416,363
Settlement off depreciation	(415,410)	--	--	--	--	--	--	(415,410)
Disposal from business demerger	--	--	(406)	(874)	(729)	--	--	(2,009)
Closing balance as of 31 December 2022	**--**	**--**	**721**	**4,494**	**39,173**	**--**	**2,872**	**47,260**
Balance at 1 January 2021	**9,176,699**	**276,773**	**958**	**7,244**	**1,082,732**	**2,139,804**	**539**	**12,684,749**
Balance at 31 December 2021	**26,490,845**	**201,856**	**4,329**	**1,516**	**--**	**71,365**	**46**	**26,769,957**
Balance at 31 December 2022	**20,665,867**	**162,643**	**10,259**	**1,086**	**--**	**28,214**	**46**	**20,868,115**

10 Property, plant and equipment *(Continued)*

As of the reporting date, on the sake of further security purposes contemplated from the loans agreements of all wind powerplants, pledge (share pledge and/or commercial enterprise) has been established in favor of lenders. On the other hand, there are partial financial leases established within the scope of the sell&lease back transactions made in 2018 based on some equipment to be re-financed in such manner.

The depreciation expenses of the Group's tangible fixed assets are accounted for in the consolidated statement of profit or loss under the cost of sales and general administrative expenses.

The Group has not capitalized depreciation expense over the construction in progress at the reporting date (31 December 2021: None).

The Group has capitalized borrowing costs amounting to TL 753,373 which were directly attributable to the acquisition, construction, or production of a qualifying asset in the consolidated financial statements as of 31 December 2022 (31 December 2021: TL 1,237,562).

The fair value of the Group's powerplants has been determined by a valuation company independent of the Group. The appraisal company is authorized by the Capital Markets Board and provides valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in fair value measurement.

During the current year, the Group has not purchased tangible assets acquired through finance lease under tangible asset at the reporting date (2021: None).

If cost model was continued to be applied for the measurement of powerplant (in operation) of the Group during the current year, the total net book value thereof at 31 December 2022 would be amounting to TL 2,919,909 (31 December 2021: TL 2,733,348). As of reporting dates, the Group has all-in risk insurance policies and/or cover letters with to cover all the operation powerplants of the Group.

As of reporting dates, the Group has all-in-risk insurance policies covering all power plants.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

11 Intangible assets

Movement of cost and related accumulated amortization of intangible assets during the years ended 31 December were as follows:

	Other intangibles	*Total*
As of 1 January 2021, accumulated amortization and balance less impairment	**291,680**	**291,680**
Disposal from business demerger	(68,849)	(68,849)
Transfer to property and equipment	(207,469)	(207,469)
Disposals	(8,719)	(8,719)
Current year charge	(3,984)	(3,984)
As of 1 January 2022, accumulated amortization and balance less impairment	**2,659**	**2,659**
Disposals	(412)	(412)
Additions	358	358
Amortization charge for the year	(226)	(226)
As of 31 December 2022, accumulated amortization and balance less impairment	**2,379**	**2,379**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

11 Intangible assets *(continued)*

Goodwill

Company	Purchase method	Purchase cost	Fair value (at the transaction's date)	Purchase date	Percentage of shares purchased (%)	2022	2021
Aysu Enerji	Cash basis	12,832	4,131	May 2012	100.00%	47,523	47,523
Ütopya Elektrik	Cash basis	3,760	846	February 2009	80.00%	21,682	21,682
						69,205	**69,205**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

11 Intangible assets *(Continued)*

Key assumptions used in discounted cash flow projections

Annual Impairment testing for CGU's

Fair value of two cash generating unit's powerplants have been calculated by the Group Management based upon report together with the sub-works prepared by the independent expert (Note 2.9). All CGU's impairment tests were based on value in use As of the reporting date which was determined using discounted cash flow method.

Financial projections prepared by the management were used in "value in use" analysis of each CGU.

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised As of the reporting date.

Key assumptions used in discounted cash flow projections

Key assumptions used in calculation of recoverable amounts are discount rates. These assumptions which were based on the Group's business plans approved by the Board of Directors are as follows:

	Discount rate (USD Cash Flows) %
Aysu	10.46
Ütopya	10.46

The discount rate used in discounted cash flows is determined as the discount rate used in valuation reports of the powerplants prepared by independent valuation experts.The cash-flows figures used for the year 2022 which is the first year of projection period in line with the Group's financial budget as approved by Board of Directors.

The estimated recoverable amounts of CGUs exceed their respective carrying amounts. Thus, the Group management concluded that there is no indication of impairment due to an expected or probable change in key assumptions such as EBITDA growth and discount rates. Recoverable amounts of CGU's are not sensitive to the reasonable changes in key assumptions.

12 Financial investments

Short-term financial investments

As of 31 December, short-term financial investments comprised the following:

	31 December 2022	31 December 2021
Investment funds	7,060	--
Total	**7,060**	**--**

Long-term financial investments

As of 31 December, long-term financial investments comprised the following:

	2022 Carrying amount	2022 Ownership rate%	2021 Carrying amount	2021 Ownership rate%
ENDA ENERJİ HOLDİNG A.Ş.	309,566	10.22%	--	0%
EPİAŞ	50	0.08%	82	0.08%
Total	**309,616**		**82**	

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

13 Commitments

Guarantees, Pledges and Mortgages

As of the reporting date, the guarantees, pledges and mortgages ("GPM") given by the Group are as follows:

	31 December 2022	31 December 2021
Guarantees given to government authorities	305,203	137,965
Guarantees given to suppliers	96,806	69,979
Total	**402,009**	**207,944**

Regulatory environment

As of reporting date, there is no violation of the Group's generation licensed wind energy and unlicensed solar energy subsidiaries within the scope of the respective legislations.

Financial covenants

As of the reporting dates, the Group has fulfilled its financial commitments arising from loan agreements.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

14 Provision, contingent assets and liabilities

Short-term provisions

As of reporting dates, the details of other short-term provisions comprised the following:

	31 December 2022	31 December 2021
Vacation pay liability	2,674	3,689
Total	**2,674**	**3,689**

Short-term provisions for employee benefits

Short-term provisions for employee benefits comprise of vacation pay liabilities. As of 31 December, vacation pay liabilities comprised the following:

Vacation pay liability	2022	2021
Balance at 1 January	**3,689**	**8,785**
Change during the year, net	428	664
Disposal from business demerger	--	(4,428)
Net monetary gain / (loss)	(1,443)	(1,332)
Balance at 31 December	**2,674**	**3,689**

Litigation and claims related unintentional missing and illegal usage

At the reporting date, there have been outstanding lawsuits filed by some customers against the Group upon return demand regarding with the unintentional missing and illegal usage fees charged over the electricity sales. The unintentional missing and illegal usage fees charged to all subscribers by the Group are repaid to electricity distribution firms without adding any margin over those amounts. Although such amounts were reclaimed from the Group through lawsuits, as a natural result of being the only counter-party to the electricity sales contracts, electricity distribution firms are legally notified to attend the relevant lawsuits as a participant. Law Code 6719 "Regarding The Amendments Brought About Some Laws Through Electricity Market Law" promulgated by the Trade Registry Gazette dated 17 June 2016 and numbered 29745 restricted the rights and authorization of related courts and arbitration committee down to only performing compliance audit in relation to the lawsuits initiated regarding the technical and non-technical losses. Since the issuance date of the code amendment, most of the pending lawsuits have been concluded in favor of the Group. Therefore, at the reporting date assessing the relevant lawsuits against the Group as a whole, it is not foreseen to be exposed to any material loss.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

14 Provision, contingent assets and liabilities *(Continued)*

Long-term provision

As of 31 December, the details of other long-term provisions comprised the following:

	31 December 2022	31 December 2021
Provision for severance payment	5,747	5,352
Total	**5,747**	**5,352**

Employee provisions for long-term benefits

Provision for severance payment

As of 31 December, provision for severance payment comprised the following:

	2022	2021
Balance at January 1	**5,352**	**14,285**
Service cost	668	2,171
Interest cost	716	253
Actuarial (gain) /loss (*)	475	(54)
Payment made during the year	(681)	(1,366)
Disposal from business demerger	-	(7,985)
Net monetary gain / (loss)	(784)	(1,951)
Balance at 31 December	**5,747**	**5,352**

(*) For the year ended 31 December 2022 actuarial loss amounting to TL 475 was recognized through the comprehensive income statement (31 December 2021: TL 54 profit).

15 Payables due to employee benefits

As of 31 December, payables related to employee benefits are as follows:

	31 December 2022	31 December 2021
Payables due to employee	18,368	3,164
Social security premiums payable	17,554	1,290
Total	**35,922**	**4,454**

16 Inventories, other assets and liabilities

16.1 Other current assets

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

	31 December 2022	31 December 2021
Deferred VAT	2,780	62,436
Other VAT	479	--
Other	1,428	90
Total	**4,687**	**62,526**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

16 Inventories, other assets and liabilities *(continued)*

16.2 Other non-current assets

As of 31 December, other non-current assets are as follows:

	31 December 2022	31 December 2021
Share pre-emption advances (Note 4) (*)	--	756,792
Total	**--**	**756,792**

(*) As of 31 December 2022, the Group has 10.22% shares of Enda Enerji Holding A.Ş., held by Fina Holding A.Ş. and for the purchase of 100% shares of Hessmaier S.R.L held by Clean Sweep Holding B.V., advances amounting to TL 468,998 and TL 287,794, respectively.

16.3 Other liabilities

As of 31 December, other short-term liabilities are as follows:

Other short-term liabilities	31 December 2022	31 December 2021
Taxes and funds payable	42,115	31,812
VAT calculated	69,303	5
Expense accruals	3	5
Total	**111,421**	**31,822**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

17 Derivatives

As of 31 December, derivative instruments are as follows:

Assets	**31 December 2022**	**31 December 2021**
Forward contracts	**--**	273
Total	**--**	**273**
Liabilities		
Foreign currency swaps	4	--
Forward contracts	2,036	8,501
Total	**2,040**	**8,501**
Current portion	**2,040**	**8,501**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

18 Capital reserves

Paid-in capital

As of 31 December, the Company's nominal share capital and share structure is as follows:

	%	**31 December 2022**	**%**	**31 December 2021**
Fina Holding A.Ş.	88.15%	277,686,216	88.15%	277,686,216
Ayşe Can Özyeğin Oktay	6.07%	19,109,485	6.07%	19,109,485
Murat Özyeğin	5.78%	18,204,299	5.78%	18,204,299
Total	**100%**	**315,000,000**	**100%**	**315,000,000**
Paid in capital (full TL)		**315,000,000**		**315,000,000**

As of 31 December 2022, nominal capital of the Company amounting to TL 315,000,000 comprised 315,000,000 shares and each has a value of TL 1 (31 December 2021: TL 315,000,000 comprised 315,000,000 shares and each has a value of TL 1).

Adjustment to paid-in capital amounting to TL 997,716 (2021: TL 997,716) represents the restatement effect of the contributions to share capital equivalent to purchasing power of TL as of 31 December 2022.

The Company's unpaid capital of TL 23,651 is paid by Fina Holding A.Ş. on 7 September 2021, the total share of Fina Holding A.Ş. increased from 87.64% to 88.15%.

Capital completion fund and commitment payment

During the current period Fina Holding A.Ş. as the main shareholder entity has released transfer with the total consideration amount of TL 620,661 to the Company's account on step-by basis so as to strengthen the equity finance structure of the Company. In compliance with the Board of Directors' Resolution Minute dated 19 November 2018 held by Fina Holding A.Ş. side, amount by TL 2,077 was considered as partial performance of capital commitment liability, whereas the remaining balance amounting to TL 618,585 was recognized as capital completion fund in line with the respective provision 9 set in "Legislation about principles and procedures relating the application of article 376 of Turkish Commercial Code numbered 6102" which was put in effective with the issuance of Trade Registry Gazette dated 15 September 2018.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

18 Capital and reserves *(Continued)*

Paid-in capital *(Continued)*

Restricted reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 per annum of all cash distributions for the companies made dividend payment according to Capital Market Board ("CMB") regulations and 1/11 per annum of all cash distributions for the companies made dividend payment according to statutory regulations in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

During the previous period, if the total of the first and second legal reserves exceeded 50 percent of the Company's capital, in accordance with the provisions set out in Article 519 of the TCC, which regulates general restricted reserves, the reserves in the subsidiaries of the Company, total amounting to TL 1,155 was re-distributed through set off with accumulated gains losses. At the same time, as a result of dividend distributions made in some of the subsidiaries of the Group during the previous year, additional restricted reserves amounting to TL 733 have been distributed, and at 31 December 2019, the Group's restricted reserve amount on consolidated level has been at TL 5,106.

As a result of dividend distributions made in some of the subsidiaries of the Group, restricted reserves increased by TL 5,505, including business combination result amounting to TL 185. As of 31 December 2020, the Group's restricted reserve amount on consolidated level is TL 10,611.

As of 31 December 2021, restricted reserve amount is TL 10,559 declining by TL 52 after the partial demerger in June 2021. There has been no further change in the restricted reserve amount, the Group retained the restricted reserves at TL 10,559 as of 31 December 2022.

Actuarial losses from defined pension plans:

All actuarial losses are recognized through other comprehensive income under the financial statement caption of "Actuarial losses from defined pension plans" as a result of IAS 19 (2011).

Non-controlling interest

The interests not controlled directly or indirectly by the parent company was reclassified under "non-controlling interest" item in the consolidated statement of financial position.

The movement of non-controlling interest ("NCI") for the year ended 31 December was given as follows:

	2022	2021
Balance at 1 January	**217,956**	**679,270**
Net profit/(loss) for the year attributable to non-controlling interest	17,784	(330,520)
Net change in fair value reserve for the year attributable to non-controlling interest	(68,131)	210,839
Disposal from business demerger	--	(341,633)
Balance at 31 December	**167,609**	**217,956**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

18 Capital and reserves *(Continued)*

Fair value reserve

Any increase arising from revaluation of power plant is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously recognized. A decrease in the carrying amount arising on the revaluation of such power plants is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on power plant is charged through the profit or loss. On the subsequent sale or taken off the operation of a revalued property, the attributable revaluation surplus remaining in revaluation reserve of the asset is transferred directly to retained earnings. Unless the asset is disposed, the revaluation fund is not transferred to the retained earnings.

Since starting from 31 December 2018, the cost model of the application methods in IAS 16 has been left and the revaluation model has been selected in order to reflect more reliable value of the power plants in operation of the Group. The movements related to the revaluation fund for the period ending on the reporting date are given below

	2022	**2021**
Property, plant and equipment revaluation effect (Note 10)	(5,570,393)	14,470,025
Property, plant and equipment revaluation fund tax effect (Note 25)	1,114,350	(2,894,005)
Net effect for the period on the Group's equity	**(4,456,043)**	**11,576,020**
Effect on non-controlling interests (Note 18-NCI Movement)	(68,131)	210,839
Effect over total equity attributable to the equity owners of the Group, net off tax	**(4,387,912)**	**11,365,181**

19 Revenue and cost of sales

For the years ended 31 December, revenue and cost of revenue comprised the following:

	2022	**2021**
Retail and wholesale electricity sales	6,919,926	3,536,135
Electricity sales of powerplant (**)	5,213,902	1,781,219
Retail service sales (*)	72,382	29,005
Other sales	15,485	13,925
Gross sales before elimination	**12,221,695**	**5,360,284**
Eliminated sales (Intra-group sales from powerplant entities to CEREAN) (**)	(5,213,902)	(1,781,220)
Gross sales	**7,007,793**	**3,579,064**
Sales returns	(46,104)	(11,427)
Sales discounts	(117)	(64)
Other discounts	(2,304)	--
Net sales	**6,959,268**	**3,567,573**
Cost of electricity sold (**)	(3,788,506)	(1,318,855)
Producer electricity cost (net of depreciation)	(524,769)	(452,699)
Producer electricity cost (depreciation)	(416,070)	(184,148)
Cost of sales	**(4,729,345)**	**(1,955,702)**
Gross profit	**2,229,923**	**1,611,871**
Gross profit, before depreciation	**2,645,993**	**1,796,019**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

19 Revenue and Cost of Revenue *(Continued)*

(*) The amount comprised of other revenues generate from various retail service activities. "Retail service activities" are defined as various services such as invoicing and collection activities provided for the customers except for electricity purchase and sales in accordance with the regulation by "EMRA". The charge price is determined on basis of cost of services.

(**) The Group's electricity generation companies make a significant part of their sales to Cerean, the Group's subsidiary operating in retail electricity sales.

Cost of sales	**2022**	**2021**
Cost of retail electricity sales	(3,788,506)	(1,318,855)
Depreciation share	(416,070)	(184,148)
Service labor	(209,761)	(180,553)
System usage expenses	(166,213)	(149,228)
Personnel expense	(29,552)	(28,759)
Insurance expense	(13,514)	(13,493)
Other	(105,729)	(80,666)
Total cost	**(4,729,345)**	**(1,955,702)**
Gross profit	**2,229,923**	**1,611,871**
Gross profit, before depreciation	**2,645,993**	**1,796,019**

20 General administrative expenses and marketing expenses

For the years ended 31 December, general administrative expenses comprised the following:

General administrative expenses	**2022**	**2021**
Personnel expenses	(72,626)	(53,532)
Consultancy expenses	(17,312)	(15,013)
Communication & IT expenses	(3,653)	(2,048)
Travel expenses	(2,676)	(3,491)
Rent expenses	(1,792)	(2,942)
Taxes and duties other than on income	(1,322)	(2,034)
Depreciation and amortization expenses	(519)	(540)
Insurance expenses	(122)	(28)
Other expenses	(6,976)	(9,219)
Total	**(106,998)**	**(88,847)**

For the years ended 31 December, marketing expenses comprised the following:

Marketing expenses	**2022**	**2021**
Advertising and promotion expenses	(15,867)	(8,324)
Other	--	(41)
Total	**(15,867)**	**(8,365)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

21 Other income and expenses

For the years ended 31 December, other income comprised the following:

	2022	2021
Insurance reimbursement income	4,699	1,172
Gain on disposal of tangible and intangible assets	428	--
Dividend income from subsidiaries	12	28
Others	3,891	8,793
Total	**9,030**	**9,993**

For the years ended 31 December, other expenses comprised the following:

	2022	2021
Donations	(8,112)	(815)
Others	(2,384)	(241)
Total	**(10,496)**	**(1,056)**

For the years ended 31 December, impairment losses comprised the following:

	2022	2021
Allowance during the year (Note 7)	25,482	15,248
Collection made during the year (Note 7)	(2,439)	(3,555)
Total	**23,043**	**11,693**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

22 Expenses by nature

For the years ended 31 December, expenses by nature of depreciation and amortization expenses comprised the following:

Depreciation and amortization expenses	**2022**	**2021**
Cost of sales	(416,070)	(184,148)
General administrative expenses (Note 20)	(519)	(540)
Total depreciation and amortization expenses	**(416,589)**	**(184,688)**
Property, plant and equipment (Note 10)	(416,363)	(176,739)
Intangible assets (Note 11)	(226)	(7,949)
Total	**(416,589)**	**(184,688)**

Personnel expenses	**2022**	**2021**
Cost of sales (Note 19)	(29,552)	(28,759)
Capitalized over construction in progress (Note 10)	**--**	(44,304)
General administrative expenses (Note 20)	(72,626)	(53,532)
Total	**(102,178)**	**(126,595)**

For the years ended 31 December, expenses by nature of personnel expenses comprised the following:

Details of personnel expenses	**2022**	**2021**
Gross salary	(61,181)	(75,801)
Social and other supportive payments	(5,106)	(6,327)
Social security premiums	(14,061)	(17,421)
Bonus payments	(11,839)	(14,668)
Overtime charges	(5,583)	(6,917)
Other	(4,408)	(5,461)
Total	**(102,178)**	**(126,595)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

23 Finance income and finance cost

For the years ended 31 December, finance income and costs comprised the following:

Finance income	**2022**	**2021**
Interest income	217,995	95,736
Foreign exchange gain on loan and financing	129,495	301,040
Gain on derivative financial instruments	5,090	4,733
Total	**352,580**	**401,509**

Finance costs	**2022**	**2021**
Foreign exchange loss on loan and financing	(3,218,482)	(5,295,572)
Interest expense on borrowings (Note 6)	(383,383)	(415,037)
Bank charges and commission expenses	(20,591)	(65,501)
Expenses on letter of guarantees	(3,392)	(6,520)
Loss on financial assets at fair value through profit or loss	(2,290)	--
Loss from derivative transactions	(2,029)	(13,603)
Other finance cost	(8,714)	(56,414)
Total	**(3,638,881)**	**(5,852,647)**

24 Impairment losses

For the years ended 31 December, the Group incurred impairment losses for receivable as follows:

	2022	**2021**
Allowance for the year (Note 21)	25,482	15,248
Collected during the year (Note 21)	(2,439)	(3,555)
Total	**23,043**	**11,693**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

25 Taxation

For the years ended 31 December, the recognized taxes for the Group were given as follows:

Recognized through income and expense	31 December 2022	31 December 2021
Current tax expense:		
Current corporation income tax expense	(37,689)	--
Deferred tax income:		
Deferred taxes income/(expense)	(591,272)	96,630
Total taxation income/(expense)	**(628,961)**	**96,630**

Recognized in other comprehensive income	31 December 2022	31 December 2021
Property, plant and equipment revaluation increase	(5,570,393)	14,470,025
Defined benefit plans revaluation losses	(475)	54
Comprehensive income for the period	**(5,570,868)**	**14,470,079**
Tax calculated with the company's statutory tax rate	**1,281,300**	**(3,328,118)**
Corporate income tax rate change effect	(167,037)	434,102
Actuarial differences deferred tax is not calculated	87	--
Deferred tax expense/income	**1,114,350**	**(2,894,016)**

Current tax assets/liabilities

As of 31 December, current tax assets and liabilities as follows:

Current tax assets/liabilities	31 December 2022	31 December 2021
Current tax assets	1,198	2,763
Provision for income taxes	(441)	--
Net	**757**	**2,763**

The reconciliation of current tax position for the year ended 31 December was given as follows:

	31 December 2022	31 December 2021
Beginning of the period, net	**2,763**	**1,342**
Current tax	(37,689)	--
Tax payment during the period	35,683	1,421
End of the period, net	**757**	**2,763**

Tax income/ (expenses)

The reconciliation of the effective tax rates

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to loss before tax as shown in the following reconciliation:

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

25 Taxation *(Continued)*

Tax income/ (expenses) *(Continued)*

	%	2022	%	2021
Profit / (loss) for the year from continuing operations		**2,234,280**		**(1,889,399)**
Less: Total tax benefit/(expense)		628,961		(96,630)
Profit / (loss) from continuing operations before tax		**2,863,241**		**(1,986,029)**
Tax calculated with the company's statutory tax rate	**(23)**	**(658,546)**	**(25)**	**496,507**
Effect of change in unrecognised deferred tax assets	24	(231,932)		(255,599)
Non-deductible expenses	12	(120,193)		(70,542)
Corporate income tax rate change effect	3	(30,427)		(42,603)
Income subject to tax exemptions	(1)	11,494		6,098
Effect of consolidation adjustments	5	(51,087)		(8,913)
Gains / (losses) on net monetary position		475,288		(25,265)
Other	2	(23,559)		(3,053)
Tax income/(expense) for the period	**1**	**(628,961)**		**96,630**

Deferred tax asset and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognised deferred tax assets and liabilities

As at 31 December, unrecognised deferred tax assets and liabilities as follows:

	2022	2021
Carried over from prior year's financial losses	439,883	845,452
Temporary differences	699,880	--
Total	**1,139,763**	**845,452**

Tax losses

The distribution of tax losses by years based on their exemption schedule is as follows;

	2022		2021	
Expiration year	**Recognized**	**Unrecognized**	**Recognized**	**Unrecognized**
To be expired in 2022	--	--	429,091	41,212
To be expired in 2023	27,693	544,643	405,601	418,658
To be expired in 2024	28,784	92,483	311,009	77,121
To be expired in 2025	188,338	200,264	134,627	134,747
To be expired in 2026	487,963	635,216	85,334	538,347
To be expired in 2027	1,072,454	726,810	--	--
Total	**1,805,232**	**2,199,416**	**1,365,662**	**1,210,085**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

25 Taxation *(continued)*

Deferred tax assets and liabilities *(continued)*

Recognised deferred tax assets and liabilities

As of 31 December, deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below.

	Assets		Liabilities		Net Amount	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Tax losses carried foward	361,046	469,819	--	--	**361,046**	**469,819**
Derivative financial instruments	759	1,365	(759)	(62)	--	**1,303**
Employee severance indemnity	900	889	(10)	(61)	**890**	**828**
Vacation pay liability	147	184	--	(31)	**147**	**153**
Tangible and intangible assets	251,257	823,700	(4,070,528)	(5,248,537)	**(3,819,271)**	**(4,424,837)**
Impairment in carrying value of assets	433	711	--	--	**433**	**711**
Fair value effect on borrowings	233,505	340,513	(340,524)	(395,946)	**(107,019)**	**(55,433)**
Other temporary differences	3,236	37,643	(1,483)	(7,528)	**1,753**	**30,115**
Sub total	**851,283**	**1,674,824**	**(4,413,304)**	**(5,652,165)**	**(3,562,021)**	**(3,977,341)**
Set off of tax	(850,582)	(1,673,976)	850,582	1,673,976	--	--
Deferred tax assets, net	**701**	**848**	**(3,562,722)**	**(3,978,189)**	**(3,562,021)**	**(3,977,341)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

25 Taxation *(continued)*

Deferred tax assets and liabilities *(continued)*

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities and their movements during the years ended 31 December, those have been recognised in respect of the following items:

	1 January 2021	Recognized through profit/(loss)	Recognized through other comprehensive income	Effect of business demerger	Inflation effect	31 December 2021	Recognized through profit/(loss)	Recognized through other comprehensive income	Inflation effect	31 December 2021
Investment incentives	**3,150,125**	--	--	(1,409,212)	(1,740,913)	**--**	--	--	--	**--**
Tax losses carried forward	**349,274**	309,876	--	(58,882)	(130,448)	**469,819**	75,040	--	(183,813)	**361,046**
Derivative financial instruments	**(2,984)**	1,129	--	1,441	1,717	**1,303**	(793)	--	(510)	**--**
Employee severance indemnity	**2,452**	(961)	(11)	--	(651)	**828**	115	271	(323)	**891**
Vacation pay liability	**755**	(759)	--	--	156	**153**	54	--	(60)	**147**
Tangible and intangible assets	**(1,303,334)**	(191,357)	(2,894,005)	(68,399)	32,167	**(4,424,928)**	(578,810)	1,114,079	70,388	**(3,819,271)**
Prepaid expenses	**(25,507)**	30,870	--	19,600	(24,963)	**--**	(19,648)	--	19,648	**--**
Impairments in assets	**--**	711	--	--	--	**711**	--	--	(278)	**433**
Fair value effect on borrowings	**--**	(55,433)	--	--	--	**(55,433)**	(73,275)	--	21,688	**(107,019)**
Other temporary differences	**(16,766)**	2,554	--	66	44,351	**30,205**	6,046	--	(34,498)	**1,753**
Total	**2,154,015**	**96,630**	**(2,894,016)**	**(1,515,386)**	**(1,818,584)**	**(3,977,341)**	**(591,271)**	**1,114,350**	**(107,758)**	**(3,562,021)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures)

26.1 Capital risk management

The Group is trying to balance the debt to equity ratio in the normal course of the business, in the most effective way and aims to increase its profitability.

Cost of capital and the risks associated with each class of capital, are assessed by the top management together. Top management is trying to balance the capital structure by acquisition of new debt or repayment of existing debt as well as dividend payments, issuance of new shares. The general strategy of the Group is consistent as in previous years.

As of 31 December, rates of net debt/ paid-in capital are as follows:

	31 December 2022	**31 December 2021**
Total financial borrowings (Note 6)	9,601,530	11,472,346
Less: Cash and cash equivalents (Note 5)	(1,184,979)	(594,874)
Net financial debt	**8,416,551**	**10,877,472**
Total paid-in capital (Note 18)	315,000	315,000
Net financial debt/paid-in capital	**26.72**	**34.53**

26.2 Financial Risk Management

The Group has exposure to the following risks from its operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors, are responsible of the creation of the Group's risk management framework and supervision in general. Fina Holding A.Ş. and Fiba Holding A.Ş., the shareholders, strengthened corporate risk management processes by centralizing and determining the methodology to be applied on the risk management activities.

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.2 Financial Risk Management *(Continued)*

26.2.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The management of the Group covers these risks by limiting the average risk for counter party (except related parties) in all contracts and receiving guarantees if necessary.

Trade and other receivables

Since, within the scope of the YEKDEM tariff, the Group's generated electricity sales are made to Aydem and EPİAŞ of which invoicing-collection processes are regulated in accordance with the respective legislation, the credit risk of the Group's trade receivables is at rather acceptable level. In addition, the fact that one of the main partners of EPİAŞ, which is the market operator, is a state-owned enterprise (TEİAŞ) which constitutes a significant part of its sales volume, also supports keeping the credit risk process related to sales at a manageable level.

In monitoring customer credit risk, the other customers of which the Group made electricity sales on credit basis through Fina Elektrik are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Group's review includes external ratings, when available, and in some cases bank references. The Group accepts some customers provided with them make payment through direct debit system ("DDS") system so as to monitor their credit risk processes closely (especially in the electricity market as highly active player in form of a buyer). The Group also takes a letter of guarantee or on prepayment basis when it deems necessary to reduce the credit risk that may arise from customers with bilateral agreements.

The ownership rights of financial assets have the risk of counterpart's indebtness. Credit risk is distributed because of the high number of customer base, individually or collectively. If at the end of 3 months of due date, the related invoice is still unpaid, the Group claims against the debtors.

The Group applied the methodology of impairment analysis for trade and other receivables from customers in compliance with the credit loss model tailored to IFRS 9. The Group recognized expected credit losses not only for doubtful receivables, but also all receivable position including undue balances, as weighted by probability of default over the whole lifecycle during.

Cash and cash equivalents

As of the reporting date, the Group has cash and cash equivalents position by the amount of TL 1,184,979 (31 December 2021: TL 594,873). Cash and cash equivalents are held in the reputable banks operating in Turkey.

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.2 Financial Risk Management *(Continued)*

26.2.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due and to fund the increase in assets and the risk that is originating from transactions in illiquid markets.

The Group performs its liquidity management through regular collections mainly within the scope of RERSM and short-medium term financing loans when necessary. As of the reporting date, the Group plans to refinance all of the remaining amount of the financial borrowings followed under current liabilities after making payment with the net working capital generated during the following year by using contractual rights.

26.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Group is exposed to currency risk on investment purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Euro and USD.

Electricity sales of the Group's powerplant entities within the scope of RERSM are based in foreign currency and this provides naturally hedge for the foreign currency position risk in some portion.

Interest rate risk:

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as six-months euribor/libor and different types of interest. Risk management activities are aimed at optimizing net interest exposure, given market interest rate levels consistent with the Group's business strategies.

26.2.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.2 Financial Risk Management *(Continued)*

26.2.4 Operational risk *(Continued)*

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas.

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of emergency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit Unit of Fiba Holding A.Ş. and Fina Holding A.Ş.. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management of the Group.

26.3 *Risk management disclosures*

26.3.1 Credit risk

	Receivables				Deposits in Banks	Derivatives	Total
	Trade Receivables (*)		Other Receivables (**)				
Current Period	**Related Party**	**Third Party**	**Related Party**	**Third Party**			
Maximum credit risk exposure at reporting date (A+B+C+D)	**139,146**	**1,338,552**	**474,646**	**8,377**	**1,184,941**	**--**	**3,145,662**
- Portion of maximum risk covered by guarantees	--	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	139,146	1,338,552	474,646	8,377	1,184,941	--	**3,145,662**
B. Carrying value of financial assets that are past due but not impaired	--	--	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--	--
- Past due (gross carrying amount)	--	40,531	--	--	--	--	**40,531**
- Impairment (-)	--	(40,531)	--	--	--	--	**(40,531)**
- The portion of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The portion of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Elements including credit risk on off balance sheet	--	--	--	--	--	--	--

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3 Risk management disclosures (Continued)

26.3.1 Credit risk (Continued)

	Receivables				Deposits in Banks	Derivatives	Total
	Trade Receivables (*)		Other Receivables (**)				
Prior Period	Related Party	Third Party	Related Party	Third Party			
Maximum credit risk exposure at reporting date (A+B+C+D)	**24,573**	**466,606**	**2,748**	**1,538**	**594,822**	**273**	**1,090,560**
- Portion of maximum risk covered by guarantees	--	12,437	--	--	--	--	**12,437**
A. Net book value of financial assets that are neither past due nor impaired	24,573	466,606	2,748	2,526	594,822	273	**1,091,548**
B. Carrying value of financial assets that are past due but not impaired	--	--	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--	--
- Past due (gross carrying amount)	--	31,262	--	--	--	--	**31,262**
- Impairment (-)	--	(31,262)	--	--	--	--	**(31,262)**
- The portion of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The portion of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Elements including credit risk on off balance sheet	--	--	--	--	--	--	--

* As of the reporting period, trade receivables by the total amount of TL 38,097 was comprised of balance due from EPİAŞ and Aydem of which collection process was regulated by the respective legislation and in the subsequent period (due course) respective collection was realized (31 December 2021: TL 29,311).
** Receivable from personnel and deposits and guarantees given are not considered in this financial caption.

Impairment losses

At the end of reporting period, the aging analysis table are as follows:

	2022		2021	
	Gross	**Impairment**	**Gross**	**Impairment**
Neither past due nor impaired	1,477,698	**--**	491,179	**--**
Overdue 90 days	40,531	(40,531)	31,262	(31,262)
	1,518,229	**(40,531)**	**522,441**	**(31,262)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3 Risk Management Disclosures *(Continued)*

26.3.2 Liquidity risk

As of 31 December, the contractual and expected maturities of financial liabilities including estimated interest payments are as follows:

31 December 2022	Carrying value	Total contractual cash flows (=I+II+III+IV+V)	Less than 6 months (I)	6-12 months (II)	1-2 years (III)	2-5 years (IV)	More than 5 years (V)
Non derivative financial liabilities	**(10,294,143)**	**(13,050,354)**	**(4,247,657)**	**(1,775,019)**	**(1,718,108)**	**(2,603,009)**	**(2,706,561)**
Loans and borrowings (*)	(9,601,530)	(12,357,741)	(3,560,037)	(1,770,026)	(1,718,108)	(2,603,009)	(2,706,561)
Trade payables (**)	(564,280)	(564,280)	(559,287)	(4,993)	--	--	--
Payables due to employee benefits	(35,922)	(35,922)	(35,922)	--	--	--	--
Other payables	(92,411)	(92,411)	(92,411)	--	--	--	--
Derivative financial liabilities	**(2,040)**	**(44,904)**	**(44,904)**	**--**	**--**	**--**	**--**
Derivative cash inflows	--	--	--	--	--	--	--
Derivative cash outflows	(2,040)	(44,904)	(44,904)	--	--	--	--
Total	**(10,296,183)**	**(13,095,258)**	**(4,292,561)**	**(1,775,019)**	**(1,718,108)**	**(2,603,009)**	**(2,706,561)**

31 December 2021	Carrying value	Total contractual cash flows (=I+II+III+IV+V)	Less than 6 months (I)	6-12 months (II)	1-2 years (III)	2-5 years (IV)	More than 5 years (V)
Non derivative financial liabilities	**(11,895,293)**	**(13,655,163)**	**(2,515,221)**	**(1,412,341)**	**(2,934,164)**	**(3,280,354)**	**(3,513,083)**
Loans and borrowings (*)	(11,472,347)	(13,232,215)	(2,160,549)	(1,350,271)	(2,927,958)	(3,280,354)	(3,513,083)
Trade payables (*)	(356,913)	(356,913)	(288,638)	(62,069)	(6,206)	--	--
Payables due to employee benefits	(4,453)	(4,453)	(4,453)	--	--	--	--
Other payables	(61,580)	(61,580)	(61,580)	--	--	--	--
Derivative financial liabilities	**(8,228)**	**(8,311)**	**(8,311)**	**--**	**--**	**--**	**--**
Derivative cash inflows	273	413,399	413,399	--	--	--	--
Derivative cash outflows	(8,501)	(421,710)	(421,710)	--	--	--	--
Total	**(11,903,521)**	**(13,663,474)**	**(2,523,532)**	**(1,412,341)**	**(2,934,164)**	**(3,280,354)**	**(3,513,083)**

(*) The Group performs its liquidity management through regular collections within the scope of RERSM and short-medium term financing loans when necessary. As of the reporting date, the Group plans to refinance all of the remaining amount of the financial borrowings followed under current liabilities after making payment with the net working capital generated during the following year by using contractual rights.

(**) Other payables mainly comprised contingent payables due to the seller because of Ares acquisition provided that the seller performs all terms and conditions required in due and satisfied course to the share transfer agreement. The cash-out flows from payables in foreign currency denominated are presented through converting at the current period-end rates and assumed that those cash out flows presented herein approaches the book value thereof.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3 Risk Management Disclosures *(Continued)*

26.3.3 Market risk

26.3.3.1 Currency risk

At 31 December, the foreign currency exposure of the Group because of the open position is as follows:

Current Period

	TL Equivalent	USD	EUR
1. Trade receivables	997	0	50
2a. Monetary financial assets (included cash and bank accounts)	114,865	6,126	16
2b. Non-monetary financial assets (*)	--	--	--
3. Other	--	--	--
9. Total assets (1+2+3)	**115,862**	**6,126**	**66**
10. Trade payables	15,887	1	796
11. Financial liabilities	8,147,359	287,106	139,402
12a. Other monetary financial liabilities	--	--	--
12b. Other non-monetary financial liabilities	--	--	--
18. Total liabilities (10+11+12)	**8,163,246**	**287,107**	**140,198**
19. Statement of financial position net of derivative instruments denominated in foreign currency asset / (liability) position (19a-19b)	**(2,040)**	**(109)**	**--**
19a. Off-balance sheet derivative assets denominated in foreign currency	**--**	**--**	**--**
19b. Off-balance sheet derivative liabilities denominated in foreign currencies	**2,040**	**109**	**--**
20. Net foreign currency asset / (liability) position (9-18+19)	**(8,049,424)**	**(281,090)**	**(140,132)**
21. Net foreign currency asset / (liability) (position of monetary items) (IFRS 7.B23) (=1+2a-10-11-12a)	**(8,047,384)**	**(280,981)**	**(140,132)**
22. Fair value of financial instruments used for foreign currency hedging	**--**	**--**	**--**
23.Hedged portion of foreign currency assets	**--**	**--**	**--**
24. Hedged portion of foreign currency liabilities	**--**	**--**	**--**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3 Risk Management Disclosures *(Continued)*

26.3.3 Market risk

26.3.3.1 Currency risk *(Continued)*

Previous Period

	TL Equivalent	USD	EUR
1. Trade receivables	--	--	--
2a. Monetary financial assets (included cash and bank accounts)	210,919	15,563	230
2b. Non-monetary financial assets	--	--	--
3. Other	--	--	--
9. Total assets (1+2+3)	**210,919**	**15,563**	**230**
10. Trade payables	345,505	30	22,832
11. Financial liabilities	10,928,712	463,695	313,420
12a. Other monetary financial liabilities	126	--	8
12b. Other non-monetary financial liabilities	--	--	--
18. Total liabilities (10+11+12)	**11,274,343**	**463,725**	**336,260**
19. Statement of financial position net of derivative instruments denominated in foreign currency asset / (liability) position (19a-19b)	**(8,228)**	**(616)**	**--**
19a. Off-balance sheet derivative assets denominated in foreign currency	**273**	**20**	**--**
19b. Off-balance sheet derivative liabilities denominated in foreign currencies	**8,501**	**637**	**--**
20. Net foreign currency asset / (liability) position (9-18+19)	**(11,071,653)**	**(448,778)**	**(336,030)**
21. Net foreign currency asset / (liability) (position of monetary items) (IFRS 7.B23) (=1+2a-10-11-12a)	**(11,063,425)**	**(448,162)**	**(336,030)**
22. Fair value of financial instruments used for foreign currency hedging	**--**	**--**	**--**
23.Hedged portion of foreign currency assets	**--**	**--**	**--**
24. Hedged portion of foreign currency liabilities	**--**	**--**	**--**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3 Risk Management Disclosures *(Continued)*

26.3.3 Market risk

26.3.3.1 Currency risk

Foreign currency sensitivity analysis

A 10 percent weakening / strengthening of the TL against the following currencies As of 31 December would have affect over the equity or the profit or loss performance by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Current Period				
	Profit/loss		**Equity**	
	Appreciation on foreign currency	**Depreciation of foreign currency**	**Appreciation on foreign currency**	**Depreciation of foreign currency**
1- Net USD assets/liabilities	(525,590)	525,590	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**(525,590)**	**525,590**	**--**	**--**
4- Net Euro assets/liabilities	(279,351)	279,351	--	--
5- Hedged portion against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	**(279,351)**	**279,351**	**--**	**--**
TOTAL (3+6)	**(804,941)**	**804,941**	**--**	**--**

Previous Period				
	Profit/loss		**Equity**	
	Appreciation on foreign currency	**Depreciation of foreign currency**	**Appreciation on foreign currency**	**Depreciation of foreign currency**
1- Net USD assets/liabilities	(599,293)	599,293	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**(599,293)**	**599,293**	**--**	**--**
4- Net Euro assets/liabilities	(507,872)	507,872	--	--
5- Hedged portion against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	**(507,872)**	**507,872**	**--**	**--**
TOTAL (3+6)	**(1,107,166)**	**1,107,166**	**--**	**--**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3 Risk Management Disclosures *(Continued)*

26.3.3 Market risk *(Continued)*

26.3.3.2 Interest rate risk

At the reporting date, the details of the Group's interest bearing financial instruments were given as follows:

Interest Position Table	31 December 2022	31 December 2021
Fixed rate financial instruments	**(1,619,902)**	**(4,355,590)**
Financial assets (time deposits and other cash equivalents)	973,069	499,284
Financial borrowings	(2,519,680)	(4,823,719)
Other payables due to related parties	(73,291)	(31,155)
Variable rate financial instruments	**(7,081,850)**	**(6,648,629)**
Financial borrowings	(7,081,850)	(6,648,629)

Fair value sensitivity analysis for fixed rate instruments

As of the reporting date, the Group does not have any financial liability classified As of fair value through profit or loss. Therefore, a change of 100 basis points in interest rates as of reporting date would not have any effect over the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as of reporting date would have increased / (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit/loss		**Equity** (*)	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
2022				
Variable rate instruments (**)	(12,690)	11,117	(12,690)	11,117
Cash flow sensitivity (net)	**(12,690)**	**11,117**	**(12,690)**	**11,117**
2021				
Variable rate instruments (**)	(67,762)	28,535	(67,762)	28,535
Cash flow sensitivity (net)	**(67,762)**	**28,535**	**(67,762)**	**28,535**

(*) Changes in equity includes the changes in profit or loss.

(**) In cases where the variable cost component turns negative, the sensitivity effect of a 1% decrease in current interest rates will be more limited than a 1% increase, as there are loan contracts where this component is fixed to "0/(Zero)".

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3.3 Market risk *(Continued)*

Fair value information

The table below discloses the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Financial instruments measured at amortized cost		**Financial instruments measured at FVTP**		**Fair value hierarchy**		**Total**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Financial assets								
Trade receivables	1,477,698	299,008	--	--	--	--	**1,477,698**	**299,008**
Other receivables (*)	483,023	3,211	--	--	--	--	**483,023**	**3,211**
Cash and cash equivalents	1,184,979	362,133	--	--	--	--	**1,184,979**	**362,133**
Derivative instruments	--	--	--	166	Level 2	Level 2	**--**	**166**
	3,145,700	**664,352**	**--**	**166**			**3,145,700**	**664,518**
Financial liabilities								
Loans and borrowings	(9,601,530)	(6,983,853)	--	--	--	--	**(9,601,530)**	**(6,983,853)**
Trade payables	(564,280)	(217,503)	--	--	--	--	**(564,280)**	**(217,503)**
Other payables	(92,411)	(37,257)	--	--	--	--	**(92,411)**	**(37,257)**
Payables due to employee benefits	(35,922)	(2,711)	--	--	--	--	**(35,922)**	**(2,711)**
Derivative instruments	--	--	(2,040)	(5,175)	Level 2	Level 2	**(2,040)**	**(5,175)**
	(10,294,143)	**(7,241,324)**	**(2,040)**	**(5,175)**			**(10,296,183)**	**(7,246,499)**

(*) Receivable from personnel and deposits and guarantees given are not included in this financial caption per presentation purposes.

26 Nature and level of risks related to financial instruments (including the fair value disclosures) *(Continued)*

26.3.3 Market risk *(Continued)*

Fair value information *(Continued)*

Classification of fair value measurement

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's portfolio;

Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;

Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived.

Financial instrument	Financial instruments measured at FVTP				Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relation of significant unobservable inputs with fair value
	Current Period		Prior Period					
	Assets	Liabilities	Assets	Liabilities				
Derivative instruments	--	(2,040)	279	(8,501)	2	Discounted cash flow method: Estimated future cash flows using forward exchange rates (observable forward exchange rates at the end of the reporting period) and contract rates are discounted using a rate that reflects the credit risk of various parties.	--	--

Fair value measurement

Measurement methods and important non-observable market data

"Peer comparison method" is used for the valuation of the open position resulting from forward and swap contracts that are measured at fair value and classified as "Level 2" in the fair value hierarchy. Accordingly, the fair values of these instruments per peer comparison method are determined based on the quotation of the intermediaries indicating the prices of the recently realised transactions of the similar contracts that are traded in an active market. In determining the fair values of the respective transactions, no significant unobservable market input is used.

Although not included in the scope of financial instruments, the "Capitalization of Income INA analysis" method has been used in determining the fair values of the power plants operating as of the reporting date of the Group. Considering the assumptions and methodology used, those powerplants would have been classified as level 3 upon fair value measurement hierarchy.

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27 Non-controlling interests and discontinued operations

As of the reporting dates, the information of the subsidiaries of the Group that has a significant non-controlling interest ("NCI") is summarized in the table below:

Current Period	Ütopya	Total
NCI percentage	**15.00%**	
Non current assets	1,600,039	1,600,039
Current assets	75,161	75,161
Long-term liabilities	(467,127)	(467,127)
Short-term liabilities	(90,682)	(90,682)
Net assets	**1,117,391**	**1,117,391**
NCI percentage (end of period)	**15.00%**	
Carrying amount of NCI	**167,609**	**167,609**
Revenue	244,865	244,865
Profit or loss	118,563	118,563
Other comprehensive income (*)	(454,208)	(454,208)
Total comprehensive income	**(335,645)**	**(335,645)**
Profit or loss allocated to NCI	**17,784**	**17,784**
Other comprehensive income allocated to NCI (*)	**(68,131)**	**(68,131)**
Total comprehensive income allocated to NCI	**(50,347)**	**(50,347)**

Prior Period	Polyak	Ütopya	Total
NCI percentage	**49.00%**	**15.00%**	
Non-current assets	--	2,251,781	2,251,781
Current assets	--	26,180	26,180
Non-current liabilities	--	(625,872)	(625,872)
Current liabilities	--	(199,047)	(199,047)
Net assets	**--**	**1,453,042**	**1,453,042**
NCI percentage (end of period)	**49.00%**	**15.00%**	
Carrying amount of NCI	**--**	**217,956**	**217,956**
Revenue	--	141,347	141,347
Profit or loss	(649,561)	(81,566)	(731,128)
Other comprehensive income (*)	--	1,405,593	1,405,593
Total comprehensive income	**(649,561)**	**1,324,027**	**674,465**
Profit or loss allocated to NCI	**(318,285)**	**(12,235)**	**(330,520)**
Other comprehensive income allocated to NCI (*)	**--**	**210,839**	**210,839**
Total comprehensive income allocated to NCI	**(318,285)**	**198,604**	**(119,681)**

(*) A non-controlling interest was not allocated from the actuarial account, which is associated with other comprehensive income, by evaluating the materiality level.

Discontinued operations

According to the strategic decision of the Company in March 2021, the subsidiary of the Group operating in mining sector has been decided to be span off from the Group and transferred to main shareholder Fina Holding A.Ş. or one of its subsidiaries, to focus more on investments in renewable energy resources such as solar and wind power plants, which are the Group's key competencies areas. On 23 June 2021, by partial demerger in accordance with Articles 159 – 179 of the Turkish Commercial Code No. 6102. , the Company transferred its shares of the subsidiary operating in mining sector Polyak with a total net asset amounting to TL 423,192, to another subsidiary of Fina Holding A.Ş., Kıres,; as simultaneously crediting the assets by the worth of carrying amount Polyak shares and debiting bank loans under liabilities.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2022 unless otherwise stated)

28 Earnings per share

The Group's earnings per share calculation as of 31 December is as follows:

	2022	**2021**
Number of shares at the beginning of the period	315,000,000	315,000,000
Number of shares at the end of the period	315,000,000	315,000,000
Weighted average number of shares	**315,000,000**	**315,000,000**
Net income/(loss) for the period	**2,234,280**	**(2,538,961)**
Earnings/(loss) per share	**7.09**	**(8.06)**
<u>Continuing operations</u>		
Net income/(loss)for the period	2,234,281	(1,889,399)
Weighted average number of shares	315,000,000	315,000,000
Earnings /(loss) per share	**7.09**	**(6.00)**
<u>Discontinued operations</u>		
Net loss for the period	**--**	(649,561)
Weighted average number of shares	315,000,000	315,000,000
Loss per share	**--**	**(2.06)**

29 Fees for services received from an independent audit firm

The fees related to the services received by the Group from the Independent Audit Firm for the periods 1 January - 31 December 2022 and 1 January - 31 December 2021 are as follows:

	2022	**2021**
Independent audit fee for the reporting period	945,000	883,770
Total	**945,000**	**883,770**

30 Subsequent events

On 6 February 2023, it was decided to declare a state of emergency for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa in accordance with the Official Gazette No. 32098 dated Wednesday, 8 February 2023, due to the negative effects of the earthquakes, which were centred in Kahramanmaraş, affected many provinces and shook our entire country. Immediately after the earthquake, operation was suspended for a short time at the Group's Ziyaret powerplant in Hatay province. Following the inspections carried out by public institutions, turbine suppliers and the Group's technical teams, no damage has been detected in the powerplant and operation was restarted. The Group evaluates that the natural disaster in question does not have a significant impact on its financial statements as of the reporting date.

Pursuant to the "Law on Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette dated 12 March 2023 and numbered 32130, by showing in the corporate tax return for 2022, it is ensured that a one-time additional tax of 10% is charged on the exemptions and deductions made from corporate income, and on the tax bases subject to reduced corporate tax, without being associated with the period's income. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Group are still in progress.

The Law numbered 7438 on Social Security and General Health Insurance and the Law on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims ("EYT"), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Group are still in progress.

Pursuant to the "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 7 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.