

**CONVENIENCE TRANSLATION OF THE REPORT AND
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH**

ÇATES ELEKTRİK ÜRETİM ANONİM ŞİRKETİ

**Summary Financial Statements and Limited Review Report for
the Six-Month Interim Period Ended June 30, 2024**



**Building a better
working world**

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

**(Convenience translation of a report and condensed financial statements originally issued in
Turkish)**

Report on Review of Interim Condensed Financial Statements

To the Board of Directors of Çates Elektrik Üretim Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Çates Elektrik Üretim Anonim Şirketi ("the Company") as of June 30, 2024 and the interim condensed statement of profit or loss and other comprehensive income, statement of changes in equity and the statement cash flows for the six-months period then ended, and explanatory notes. Company management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting ("TAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with TAS 34.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



23 August 2024
İstanbul, Turkey

INDEX	PAGE
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	1-2
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	4
INTERIM CONDENSED STATEMENT OF CASH FLOWS	5
INTERIM NOTES TO THE CONDENSED FINANCIAL STATEMENTS	6-37

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Interim Condensed Statement of Financial Position
as of June 30, 2024

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

	Notes	Reviewed /Current Period June 30, 2024	Audited, prior period December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	12	60,937,137	1,426,748,188
Financial Investments		33,441,085	35,532,695
Trade receivables		236,873,646	918,251,637
- Due from related parties	3,4	96,187,808	818,936,554
- Due from third parties	4	140,685,838	99,315,083
Other receivables		9,412,326	3,925,071
- Due from third parties		9,412,326	3,925,071
Inventories	6	447,211,276	287,132,800
Prepaid expenses		13,902,607	39,456,882
Other current assets	11	12,218,024	26,282
Total current assets		813,996,101	2,711,073,555
Non- current assets			
Other receivables		3,258,681	2,060,423
- Due from third parties		3,258,681	2,060,423
Property, plant and equipment	7	10,339,825,970	10,682,244,879
- Mining assets	7	299,894,897	303,322,778
- Other tangible assets	7	10,039,931,073	10,378,922,101
Right -of- use assets	9	122,233,423	118,822,662
Intangible assets	8	413,312,543	418,696,791
- Other intangible assets	8	413,312,543	418,696,791
Prepaid expenses		2,880,583	5,074,203
Total non-current assets		10,881,511,200	11,226,898,958
TOTAL ASSEST		11,695,507,301	13,937,972,513

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Interim Condensed Statement of Financial Position
as of June 30, 2024

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

	Notes	Reviewed /Current Period June 30, 2024	Audited, prior period December 31, 2023
LIABILITIES			
Current liabilities			
Lease liabilities		16,820,110	9,732,595
Short term portion of long term borrowings	10	-	1,520,228,633
Trade payables		283,121,245	523,927,289
- Trade payables to related parties	3,4	22,191,596	36,935,866
- Trade payables to third parties	4	260,929,649	486,991,423
Employee benefit obligations		35,384,241	28,002,164
Other payables		6,268,193	298,110,842
- Other payables to related parties	3,5	3,490,036	295,814,356
- Other payables to other parties	5	2,778,157	2,296,486
Current income tax liabilities		-	56,974,685
Short-term provisions		22,669,810	23,416,159
-Provisions for employment benefits		11,776,147	5,790,346
-Other short-term provisions		10,893,663	17,625,813
Other current liabilities	11	1,603,293	26,498,806
Total current liabilities		365,866,892	2,486,891,173
Non-current liabilities			
Lease liabilities		45,103,828	52,835,068
Long-term provisions		35,310,513	25,900,993
- Provisions for employment benefits		35,310,513	25,900,993
Deferred tax liabilities	13	1,320,287,409	1,290,106,473
Total non-current liabilities		1,400,701,750	1,368,842,534
TOTAL LIABILITIES		1,766,568,642	3,855,733,707
EQUITY			
Equity attributable to owners of the Company			
Paid-in share capital		165,200,000	165,200,000
Adjustment to share capital		511,817,846	511,817,846
Contributions of shareholders		1,608,567,181	1,608,567,181
Share premiums		1,435,275,852	1,435,275,852
Treasury shares		(6,273,748)	-
Restricted reserves		6,273,748	-
Other comprehensive income not to be reclassified to profit or loss		(19,834,960)	(10,471,909)
- Gains on remeasurements of defined benefit plans		(19,834,960)	(10,471,909)
Retained earnings		6,365,576,088	4,474,087,552
Net profit / (loss) for the period		(137,663,348)	1,897,762,284
Total equity		9,928,938,659	10,082,238,806
TOTAL LIABILITIES AND EQUITY		11,695,507,301	13,937,972,513

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Interim Condensed Statement of Profit or Loss and Other Comprehensive
Income for the Period Ended June 30, 2024
(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of June 30, 2024, unless otherwise indicated)

	Reviewed /Current Period January 1 - June 30, 2024	Unaudited /Current Period April 1 - June 30, 2024	Audited, prior period January 1 - June 30, 2023	Audited, prior period April 1 - June 30, 2023	
Notes					
Profit and Loss					
Revenue	2,058,930,332	942,752,148	3,354,715,561	1,650,415,128	
Cost of sales (-)	(2,149,392,087)	(1,043,580,971)	(2,847,075,684)	(1,354,637,557)	
Gross (loss) / profit	(90,461,755)	(100,828,823)	507,639,877	295,777,571	
General administrative expenses (-)	(148,776,721)	(72,751,345)	(130,125,227)	(49,666,130)	
Other operating income	54,402,721	14,822,419	298,418,489	287,590,501	
Other operating expenses (-)	(8,530,312)	(752,173)	(14,233,379)	(2,249,538)	
Operating profit / (loss)	(193,366,067)	(159,509,922)	661,699,760	531,452,404	
Income from investing activities	773,569	440,748	-	-	
Operating (loss) / profit before financial income and expense	(192,592,498)	(159,069,174)	661,699,760	531,452,404	
Financial income	202,807,808	102,518,172	9,001,872	4,180,137	
Financial expense (-)	(90,218,673)	(48,617,075)	(312,853,331)	(177,593,638)	
Gains/(losses) on net monetary position	(24,358,032)	(32,813,589)	576,684,597	160,302,092	
Financing expenses, net	88,231,103	21,087,508	272,833,138	(13,111,409)	
Profit / (loss) before tax	(104,361,395)	(137,981,666)	934,532,898	518,340,995	
Tax income/ (expense)	(33,301,953)	(99,792,574)	184,646,871	47,626,752	
- Current tax expense	13	-	(167,171,933)	(116,028,644)	
-Deferred tax income / (expense)	13	(33,301,953)	351,818,804	163,655,396	
Profit / (loss) before tax from continued operations	(137,663,348)	(237,774,240)	1,119,179,769	565,967,747	
Net profit / (loss) for the period	(137,663,348)	(237,774,240)	1,119,179,769	565,967,747	
Other comprehensive income					
- Total other comprehensive income not to be classified to profit or loss	(9,363,051)	3,340,614	(9,715,531)	(23,647,660)	
- Gains / (losses) on remeasurements of defined benefit plans	(12,484,068)	4,454,152	(12,954,041)	(30,369,203)	
- Gains / (losses) on remeasurements of defined benefit plans, tax effect	3,121,017	(1,113,538)	3,238,510	6,721,543	
Other comprehensive income/ (expense)	(9,363,051)	3,340,614	(9,715,531)	(23,647,660)	
Total comprehensive income	(147,026,399)	(234,433,626)	1,109,464,238	542,320,087	
Earnings per 100 share -common stock (TL)	17	(83.33)	(143.93)	852.75	403.10
Earnings per 100 shares from total comprehensive income	17	(89.00)	(141.91)	845.34	386.25

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

Çates Elektrik Üretim Anonim Şirketi

Interim Condensed Statement of Changes in Shareholders' Equity

as at June 30, 2024

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

	Other comprehensive income/expense not to be reclassified to profit or loss										
	Paid-in capital	Adjustment to share capital	Additional contributions of the shareholders	Share premiums	Treasury shares	Restricted reserves	Defined benefit plans	The revaluation increments of tangible fixed assets	Retained earnings	Net profit/ (loss) for the period	Total equity
Balances as of January 1, 2023	85,440,000	452,774,139	1,608,567,181	-	-	-	(6,006,998)	855,405,853	1,253,361,337	3,164,634,028	7,414,175,540
Profit and Loss											
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	1,119,179,769	1,119,179,769
Other comprehensive income/(loss)	-	-	-	-	-	-	(9,715,531)	-	-	-	(9,715,531)
Gains / (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	(9,715,531)	-	-	-	(9,715,531)
Total comprehensive income/(loss)	-	-	-	-	-	-	(9,715,531)	-	-	1,119,179,769	1,109,464,238
Capital increase	54,965,000	50,960,961	-	-	-	-	-	-	-	-	105,925,961
Transfer of depreciation related to revaluations fund	-	-	-	-	-	-	-	(25,871,614)	25,871,614	-	-
Transfers	-	-	-	-	-	-	-	-	3,164,634,028	(3,164,634,028)	-
Balance as of June 30, 2023	140,405,000	503,735,100	1,608,567,181	-	-	-	(15,722,529)	829,534,239	4,443,866,979	1,119,179,769	8,629,565,739
Balances as of January 1, 2024	165,200,000	511,817,846	1,608,567,181	1,435,275,852	-	-	(10,471,909)	-	4,474,087,552	1,897,762,284	10,082,238,806
Profit and Loss											
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	(137,663,348)	(137,663,348)
Other comprehensive income/(loss)	-	-	-	-	-	-	(9,363,051)	-	-	-	(9,363,051)
Gains / (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	(9,363,051)	-	-	-	(9,363,051)
Total comprehensive income/(loss)	-	-	-	-	-	-	(9,363,051)	-	-	(137,663,348)	(147,026,399)
Increases due to share - based transactions	-	-	-	-	(6,273,748)	6,273,748	-	-	(6,273,748)	-	(6,273,748)
Transfers	-	-	-	-	-	-	-	-	1,897,762,284	(1,897,762,284)	-
Balance as of June 30, 2024	165,200,000	511,817,846	1,608,567,181	1,435,275,852	(6,273,748)	6,273,748	(19,834,960)	-	6,365,576,088	(137,663,348)	9,928,938,659

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Interim Condensed Statement of Cash Flows for the Period January 1- June 30, 2024 and 2023

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

Notes	Reviewed /Current Period 1 January- 30 June 2024	Audited / prior period 1 January- 30 June 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES	231,147,419	180,561,856
Profit for the period from continuing operations	(137,663,348)	1,119,179,769
Adjustments to reconcile profit for the year		
Adjustments to depreciation and amortization	390,300,749	456,891,536
Adjustments for provisions	5,241,632	28,244,726
Adjustments for provisions for employee benefits	9,003,301	20,526,110
Adjustment for lawsuits and/ or penalty provisions	(3,761,669)	7,718,616
Adjustments for impairment / (cancellation) of receivables	-	(5,782)
Adjustments for tax expense	33,301,953	(184,646,871)
Adjustments for interest income	(193,249,961)	(9,001,872)
Adjustments for interest expenses	91,338,485	261,809,777
Deferred financing expense/(income) arising from purchases/sales	(1,120,929)	(3,545,795)
Effects related to unrealized live currency conversion differences	-	15,073,958
Adjustments for other items that give rise to cash flows from investing or financing activities	-	51,194,575
Monetary (gain) / loss	(96,391,899)	(871,728,070)
Total adjustments	229,420,030	(255,713,818)
Decrease / (increase) in trade receivables from related parties	722,748,746	(824,392,940)
Decrease / (increase) in trade receivables from third parties	(40,774,063)	7,294,612
Decrease / (increase) in inventories	(160,078,476)	(190,712,144)
Decrease / (increase) in trade payables due to related parties	(14,744,270)	(289,062,743)
Decrease / (increase) in trade payables due to third parties	(224,940,845)	(8,319,403)
(Increases)/decreases in other receivables from related parties related to operations	168,477,491	79,875,743
Increases/(decreases) in other payables to related parties related to operations	(292,324,320)	(23,890,090)
Decrease / (increase) in prepaid expenses	27,747,895	502,699,828
Increase / (decrease) in employee benefits	7,382,077	(468,989)
Decrease/(increase) in other receivables related to operations related adjustments	(20,502,721)	(431,481)
Increase/(decrease) in other payables related to operations related adjustments	(27,844,745)	66,768,117
Payments of employee termination benefits	(4,679,886)	(3,393,212)
Taxes paid	(3,167,756)	-
Decrease / (increase) in financial investments	2,091,610	1,128,607
Net cash from operating activities	139,390,737	(682,904,095)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(40,824,369)	(239,867,283)
Cash outflows from the purchase of tangible assets (-)	(40,569,474)	(238,939,302)
Cash outflows from the purchase of intangible assets (-)	(254,895)	(927,981)
C. NET CASH FROM FINANCING ACTIVITIES	(1,273,213,138)	87,894,308
Proceeds from capital increase	-	88,400,961
Interest received	24,772,470	4,649,384
Interest paid	(542,546,593)	(4,292,701)
Cash outflows related to the acquisition of the entity's own shares and other equity-based instruments	(6,273,748)	-
Repayment of borrowings (-)	(747,808,636)	-
Cash outflows related to lease agreements (-)	(1,356,631)	(863,336)
D. EFFECT OF NET MONETARY POSITION DIFFERENCES		
GAINS / (LOSSES) ON CASH AND CASH EQUIVALENTS	(282,920,963)	(10,127,679)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(1,365,811,051)	18,461,202
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,426,748,188	51,073,092
Cash and cash equivalents at the end of the period (A+B+C+D+E)	11 60,937,137	69,534,294

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

1 Company's organization and nature of operations

Çates Elektrik Üretim A.Ş. (the "Company") was established on September 19, 2014. Pursuant to the decision of the Supreme Council of Privatization dated July 21, 2014 and numbered 2014/64, the Company purchased the Çatalağzı Thermal Power Plant ("Power Plant") and the parts and outbuildings of this Power Plant from Elektrik Üretim A.Ş. with the transfer agreement signed on December 22, 2014.

The Company get the license dated December 18, 2014 and numbered EÜ/5358-1/03178 from the Energy Market Regulatory Authority ("EPDK") for a period of 49 years as of December 22, 2014 related with generating electricity for the power plant with a total installed capacity of 314.68 MWe located in Çatalağzı district of Zonguldak province.

The Company operates its activities in accordance with the Electricity Market Law No. 6446, EPDK's Electricity Market License Regulation and the Electricity Market Balancing and Settlement Regulation ("DUY") and other relevant legislation. The Company registered with Energy Markets Management Inc. ("EPIAŞ") with the user code PK8360 within the scope of DUY. The company operates at integrated energy group.

On November 22, 2023, the Company obtained approval from the Capital Markets Board (SPK) for the public offering of shares with a nominal value of 33,050,000 TL. Subsequently, starting from December 7, 2023, the shares offered to the public began trading on the Borsa Istanbul under the ticker symbol "CATES."

The Company's registration address is "Şahinler M., Şahinler Küme Evler Yatağan Termik San. Sit. N:259/1 Yatağan / Muğla.

As of June 30, 2024, the Company had 386 employees (December 31, 2023: 381).

Laws / regulations

Depending on its electricity generation and sales activities, the Company is subject to the Electricity Market Law No. 6446 dated March 14, 2013, which entered into force with the Official Gazette No. 28603 on March 30, 2013, as well as the regulations and communiqués published by the Energy Market Regulatory Board ("EPDK").

Approval of financial statements:

Financial statements were approved by the Board of Directors and authorized to be published on August 23, 2024. These financial statements will be finalised following their approval in the General Assembly.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

2 Basis of Presentation of Financial Statements

2.1 Basis of presentation

The accompanying financial statements are prepared on a historical cost basis, with the exception of some assets and liabilities and the power plant assets that are presented with revaluation amounts and presented under tangible assets.

2.2 Statement of Compliance with TAS

The accompanying condensed financial statements have been prepared in accordance with the provisions of the Communiqué on "Principles of Financial Reporting in Capital Markets" (Communiqué No: II-14.1) published in the Official Gazette No: 28676 on June 13, 2013, issued by the Capital Markets Board (CMB). In accordance with Article 5 of the Communiqué, the financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS / TFRS) as issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK) and their related amendments and interpretations. TFRS is updated through regulations to align with changes in International Financial Reporting Standards (IFRS). The Company has prepared its condensed financial statements for the interim period ending on June 30, 2024, in accordance with TAS 34 "Interim Financial Reporting". These condensed interim financial statements do not contain all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's annual financial statements as of December 31, 2023.

The Company maintains and prepares its legal books and statutory financial statements in accordance with the accounting principles established by the Turkish Commercial Code (TCC) and tax legislation. In keeping with these principles, the Company bases its accounting records and statutory financial statement preparations on the requirements of the TCC, tax regulations, and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements, with the exception of certain assets and liabilities presented at revalued amounts, and assets under property, plant, and equipment, are prepared based on historical cost, with necessary adjustments and classifications made to reflect accurate presentation in statutory records in accordance with TFRS.

Furthermore, the Company has prepared its financial statements, which are in compliance with the TCC, under the accounting policies outlined in Note 2, to ensure accurate presentation according to TFRS. The financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by KGK on July 3, 2024, and the Financial Statement Samples and Usage Guide issued by the CMB.

Adjusting Financial Statements in High Inflation Periods

Businesses applying TFRS began implementing inflation accounting according to IAS 29 Financial Reporting in Hyperinflationary Economies, as announced by the Public Oversight Accounting and Auditing Standards Authority (KGK) on November 23, 2023, starting from financial statements for annual reporting periods ending on or after December 31, 2023. IAS 29 is applied to financial statements, including consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

The attached financial statements are prepared on the historical cost basis except for the power plant, which is measured at revalued amounts.

All comparative amounts for the prior period in these financial statements have been adjusted for changes in the general purchasing power of the Turkish lira in accordance with IAS 29 and ultimately expressed in terms of the purchasing power of the Turkish lira at June 30, 2024.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

2 Basis of Presentation of Financial Statements (continued)

2.2 Statement of Compliance with TAS (continued)

Adjusting Financial Statements in High Inflation Periods (continued)

In implementing IAS 29, the entity utilized adjustment coefficients derived from the Consumer Price Index ("CPI") published by the Turkish Statistical Institute, as directed by the Public Oversight Accounting and Auditing Standards Authority (KGG). Since January 1, 2005, when the Turkish lira ceased to be classified as the currency of a hyperinflationary economy, the adjustment coefficients corresponding to the CPI for both current and past periods are as follows:

Year End	Index	Index%	Adjustment Coefficient
December 31, 2004	113.86	13.86	20.37
December 31, 2005	122.65	7.72	18.91
December 31, 2006	134.49	9.65	17.25
December 31, 2007	145.77	8.39	15.91
December 31, 2008	160.44	10.06	14.46
December 31, 2009	170.91	6.53	13.57
December 31, 2010	181.85	6.4	12.75
December 31, 2011	200.85	10.45	11.55
December 31, 2012	213.23	6.16	10.88
December 31, 2013	229.01	7.4	10.13
December 31, 2014	247.72	8.17	9.36
December 31, 2015	269.54	8.81	8.6
December 31, 2016	292.54	8.53	7.93
December 31, 2017	327.41	11.92	7.08
December 31, 2018	393.88	20.3	5.89
December 31, 2019	440.5	11.84	5.27
December 31, 2020	504.81	14.6	4.59
December 31, 2021	686.95	36.08	3.38
December 31, 2022	1,128.45	64.27	2.06
June 30, 2023	1,351.59	19.77	1.72
December 31, 2023	1,859.38	37.57	1.25
June 30, 2024	2,319.29	24.73	1

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

2 Basis of Presentation of Financial Statements *(continued)*

2.2 Statement of Compliance with TAS *(continued)*

Adjusting Financial Statements in High Inflation Periods *(continued)*

In order to make the necessary improvements in the financial statements of TAS 29, assets and transfers were first separated into monetary and non-monetary, and non-monetary assets and transfers were also subjected to an additional separation with those measured at current value and cost value. The structure of monetary items (except those linked to an index) and non-monetary items measured in their current values at the end of the reporting period has not been adjusted for inflation from those expressed in the current measurement unit as of June 30, 2024. Non-monetary items that are not expressed in the measurement unit as of June 30, 2024 are subject to inflation adjustment using the relevant coefficient. In cases where the recoverable portion or net realizable value of non-monetary items shown according to inflation is exceeded, the book value is reduced by applying the relevant TFRS. In addition, inflation adjustments were made for equity elements and all items in the statement of profit or loss and other comprehensive income.

The application of IAS 29 necessitated adjustments in the income statement's profit or loss section for Net Monetary Position Gains (Losses) due to the decrease in the purchasing power of the Turkish Lira. During inflation periods, entities holding more monetary assets than monetary liabilities experience a weakening in purchasing power, while entities holding more monetary liabilities than monetary assets experience an increase in purchasing power, unless the value of monetary assets or liabilities is tied to changes in an index. Net monetary position gains or losses are derived from the adjustment differences of non-monetary items, equity, items in the income statement, and indexed monetary assets and liabilities.

Additionally, during the initial application of IAS 29 in the reporting period, the provisions of the Standard are applied assuming that there is always high inflation in the relevant economy. Therefore, for subsequent reporting periods, to serve as a basis, the financial position statement dated January 1, 2022, was adjusted for inflation as of the comparative earliest period. The inflation-adjusted amount of retained earnings in the financial position statement dated January 1, 2022, was derived from the balance sheet equilibrium that should be obtained after adjusting the other items in the said statement for inflation.

2.3 Functional and Presentation Currency

The financial statements of the Company is prepared in the currency of the primary economic environment (its functional currency). For the purpose of the financial statements, the results and financial position is expressed in Turkish Lira ("TL"), which is the functional currency of the Company, and the presentation currency for the financial statements.

During the preparation of the financial statements, transactions in foreign currencies (currencies other than TL) are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into TL using the exchange rates prevailing at the financial statement date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

2 Basis of Presentation of Financial Statements (*continued*)

2.4 Changes in accounting policies

Accounting policy changes resulting from the initial application of a new TAS/IFRS are retrospectively or prospectively applied in accordance with any transitional provisions of the respective TAS/IFRS, if applicable. Changes without any transitional provisions, significant voluntary changes in accounting policies, or identified accounting errors are retrospectively applied, and previous period financial statements are restated.

Changes in accounting estimates are applied prospectively if they relate to only one period. If they relate to future periods, they are applied both in the period of change and prospectively.

2.5 Comparative information and reclassification of prior period financial statements

The Company's financial statements are presented together with the comparatives for the previous year enabling comparison of the financial condition, performance and cash flow trends. Where necessary, comparative figures of the financial statements have been reclassified to conform to changes in presentation of the current period financial statements. The Company management considered that it is appropriate to have such reclassifications when they provide more relevant information to users of the financial statements.

2.6 Changes and errors in accounting estimates

Changes in accounting estimates are applied in the current period in which changes are made. If changes in accounting estimates are related to future periods, the accounting misstatements which are identified are applied prospectively. The significant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated.

2.7 Summary of Significant Accounting Policies

The interim financial statements for the period ending June 30, 2024, have been prepared using accounting policies consistent with those applied in the preparation of the financial statements for the year ended December 31, 2023. Therefore, these interim financial statements should be considered together with the financial statements for the year ended December 31, 2023.

2.8 Going concern

The company has prepared its financial statements on a going concern basis.

2.9 Periodicity of the company's operations

No significant variation has been observed in the Company's operations throughout the year.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

2 Basis of Presentation of Financial Statements (continued)

2.10 The new standards, amendments and interpretations

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

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

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

The impact of these changes/improvements on the Company's financial position or performance is being evaluated.

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

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

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

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

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

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

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

- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The impact of these changes on the Company's financial statements is being evaluated.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

3 Related party disclosures

Aydem Holding ("formerly Bereket Energy Group Inc., changed its title to Aydem Energy at the beginning of 2020 and merged its twelve subsidiaries under the Aydem Holding") is the ultimate shareholder and controlling party of the Company. Parla Energy Investments Inc. ("Parla EYAŞ"), a 100% subsidiary of Aydem Holding, is a 100% shareholder of the Company.

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

- (1) Aydem Holding Group Companies
- (2) Ultimate shareholder
- (3) Subsidiaries of other company of the main shareholders

Trade receivables from related parties usually arise from sales transactions. The majority of the receivables are guaranteed. Trade payables to related parties generally arise from purchase transactions and there is not any interest.

As of the end of each month, other receivables and payables are considered by using current interest rates determined according to market conditions. Other receivables from related parties mainly arise from financial transactions. At the end of each three months, interest is accrued using market interest rates for other receivables and payables, which are determined using the Group external cost of borrowing.

3.1 Related party balances

As of June 30, 2024 and December 31, 2023, trade receivables from related parties are as follows:

	June 30, 2024	December 31, 2023
Aydem Elektrik Perakende Satış A.Ş. ("Aydem EPSAŞ")(1) (*)	96,185,031	818,936,554
Aydem Yenilenebilir Enerji A.Ş. ("Aydem Yenilenebilir")(1)	2,777	-
	96,187,808	818,936,554

(*) As of June 30, 2024, The Company has guarantees which is amounting to 40,000,000 US Dollars (December 31, 2023: 40,000,000 US Dollars)

On March 17, 2022, the Energy Market Regulatory Authority (EPDK) issued Decision No. 10866 concerning the "Principles and Procedures for Determining and Implementing Support Payment Amounts Based on Resources" (the "Principles and Procedures"), under the authority granted by the Electricity Market Law. On March 29, 2022, Decision No. 10887 was adopted, amending the "Principles and Procedures." According to this amendment, fixed-price and approved bilateral agreements entered into the market management system before March 8, 2022, for periods starting from February 1 onwards, may be exempt from the support payment amount if submitted to EPIAŞ (Energy Exchange Istanbul) along with the required information and documents as specified in the Principles and Procedures. Under this regulation, bilateral agreements that fall within the exemption scope will not be subject to the support payment amount. Following the submission of an exemption application in accordance with the Principles and Procedures, the company received an official notification confirming the acceptance of its exemption application after the necessary information and documents were reviewed by EPIAŞ. The company has continued to process bilateral agreement transactions related to the exemption in accordance with the relevant Principles and Procedures during the ongoing process.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

3 Related party disclosures (continued)

3.1 Related party balances (continued)

At the end of the initial 6-month implementation period from April to September 2022, the Regulation Decision numbered 11269 dated September 29, 2022 of the Energy Market Regulatory Authority (EPDK) amended Article 7, Paragraph 1 of the Rules and Principles to enter into force on October 1, 2022. With the amended version of the article, the exemption scope including fixed-price bilateral agreements has been expanded to cover agreements up to the final consumer. On January 13, 2023, the Company was notified of EPDK Board Decision numbered 11574-13 dated January 12, 2023. In this Board Decision, it was reported that the Company was found to have unjustly failed to pay support payment debts totaling 518,766,980 TL for the April-September 2022 period (not expressed as of June 30, 2024 based on purchasing power), and it was decided to collect these amounts. In accordance with the contracts it has made, the Company will pass on any additional costs arising from transactions within the scope of bilateral agreements to Aydem Elektrik Perakende Satış A.Ş., a subsidiary of Aydem Holding Group.

In accordance with EPDK Board Decision No. 11574-13 dated January 12, 2023, as of June 30, 2024, the Company has made a refund to EPIAŞ amounting to TRY 688,859,138 (not expressed in terms of purchasing power as of June 30, 2024) and has passed on the same amount to Aydem EPSAŞ in accordance with the bilateral agreement.

According to the installment amounts determined in the support fee debt payment agreement signed between the Company and EPIAŞ on January 17, 2023, the total principal payment which is amounting to 78,804,733 TL (not expressed as of June 30, 2024 based on purchasing power) has not yet been paid as of the balance sheet date, was re-installed with the agreement signed on October 13, 2023, and the interest on the said amount is will be paid in 12 installments and will continue to be reflected simultaneously to Aydem EPSAŞ.

As of June 30, 2024 and December 31, 2023 trade payables to related parties are as follows:

	June 30, 2024	December 31, 2023
Aydem Holding(2)	16,479,958	35,591,733
Aydem EPSAŞ(1)	4,567,352	-
Entek Elektrik İnşaat A.Ş.("Entek")(3)	884,486	1,026,361
Yatağan(1)	138,300	253,801
Other related parties	121,500	63,971
	22,191,596	36,935,866

As of June 30, 2024 and December 31, 2023, other payables to related parties are as follows:

	June 30, 2024	December 31, 2023
Aydem Holding (2)	3,135,776	295,446,248
Gdz Enerji Yatırımları A.Ş. ("Gdz Enerji") (1)	354,260	368,108
	3,490,036	295,814,356

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

3 Related party disclosures (continued)

3.2 Related party transactions (continued)

Key management compensation

As of June 30, 2024 and June 30, 2023, the details of key management compensation are as follows:

	January 1, June 30, 2024	January 1, June 30, 2023
Key management compensation	16,298,576	5,034,509
	16,298,576	5,034,509

As of June 30, 2024 and June 30, 2023, income and expense transactions with related parties are as follows:

	January 1, June 30, 2024	January 1, June 30, 2023
Sales of goods and services		
Aydem EPSAŞ (1) (*)	11,408,227	3,227,871,004
Yatağan (1)	-	341
Other	-	2,941
	11,408,227	3,227,874,286

(*) During the first six months of 2023, the Company primarily sold electricity to Aydem EPSAŞ through bilateral agreements.

	January 1, June 30, 2024	January 1, June 30, 2023
Financial income		
Aydem EPSAŞ(1)	44,687,564	574,607
ADM EDAŞ	-	2,975,577
Yatağan(1)	-	679,251
GDZ EDAŞ(1)	-	488,932
Gediz EPSAŞ(1)	-	57,676
	44,687,564	4,776,043

	January 1, June 30, 2024	January 1, June 30, 2023
Other income		
Aydem EPSAŞ (1) (*)	26,389,536	299,819,580
	26,389,536	299,819,580

(*) The related transaction includes net foreign exchange gain on commercial activities conducted during the period and late payment interest income on commercial transactions.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

4 Trade receivables and payables

Short-term trade receivables

As of June 30, 2024 and December 31, 2023, the details of short-term trade receivables are as follows:

	June 30, 2024	December 31, 2023
Trade receivables from related parties (Note 3)	96,187,808	818,936,554
Trade receivables from third parties	143,098,216	102,324,153
	239,286,024	921,260,707
Provision for doubtful trade receivables	(2,412,378)	(3,009,070)
	236,873,646	918,251,637

As of June 30, 2024, the average maturity of trade receivables is 45 days. (December 31, 2023: 45 days).

As of June 30, 2024 and December 31, 2023, the details of trade receivables from related parties are as follows:

	June 30, 2024	December 31, 2023
Receivables arising from the sale of energy	96,187,808	818,936,554
	96,187,808	818,936,554

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

	June 30, 2024	December 31, 2023
Receivables arising from the sale of energy	140,685,838	95,997,072
Doubtful trade receivables	2,412,378	3,009,070
Provision for doubtful trade receivables (-)	(2,412,378)	(3,009,070)
Other trade receivables	-	3,318,011
	140,685,838	99,315,083

As of June 30, 2024, doubtful receivables, which has not possibility of collection is foreseen, are written off from the records along with their related provisions which is amounting to TL 2,412,378 (December 31, 2023: TL 3,009,070).

The movement of allowance for doubtful receivables for the periods ended June 30, 2024 and June 30, 2023 are as follows:

	January 1, June 30, 2024	January 1, June 30, 2023
Opening balance	3,009,070	4,970,016
Provisions no longer required	-	(5,782)
Monetary gain / (loss)	(596,692)	(824,666)
Closing balance	2,412,378	4,139,568

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

4 Trade receivables and payables (continued)

Short-term trade receivables (continued)

As of June 30, 2024, The Company has overdue trade receivables and that receivables have not been impaired. The aging of trade receivables is as follows:

	June 30, 2024	December 31, 2023
Not overdue	228,367,680	375,013,587
1-30 days past due	6,238,492	2,399,353
1-3 months past due	741,003	539,183,854
3-12 months past due	1,526,471	1,654,843
	236,873,646	918,251,637

The liquidity and exchange rate risk that the Company is exposed in relation with trade receivables are explained under Footnote 14.

Short-term trade payables

As of June 30, 2024, and December 31, 2023, the details of short-term trade payables are as follows:

	June 30, 2024	December 31, 2023
Trade payables to the related parties (Note 3)	22,191,596	36,935,866
Trade payables to the third parties	260,929,649	486,991,423
	283,121,245	523,927,289

As of June 30, 2024, the amount of short-term trade payables to third parties, totaling 96,185,031 TL, consists of support payment liabilities to be paid to EPIAŞ. Details are disclosed in Note 3.

As of June 30, 2024 and December 31, 2023, the details of short-term trade payables to third parties are as follows:

	June 30, 2024	December 31, 2023
Trade payables	267,424,531	493,742,656
Deferred financing income from forward purchases (-)	(6,494,882)	(6,751,233)
	260,929,649	486,991,423

The liquidity and exchange rate risk that the Company is exposed in relation with trade payables are explained under Footnote 14.

As of June 30, 2024, the average maturity of trade payables is 30 days. (December 31, 2023: 30 days).

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

5 Other receivables and payables

Other short term receivables

As of June 30, 2024 and December 31, 2023, the details of other short – term receivables are as follows:

	June 30, 2024	December 31, 2023
Other payables to the related parties (Note 3)	3,490,036	295,814,356
Other payables to the third parties (*)	2,778,157	2,296,486
	6,268,193	298,110,842

(*) As of June 30, 2024, and December 31, 2023, amounts received from unrelated parties consist of deposits and guarantees.

The Company's exposure to liquidity and currency risk related to its other receivables and payables is disclosed in Footnote 14.

6 Inventories

As of June 30, 2024 and December 31, 2023, the details of inventories are as follows:

	June 30, 2024	December 31, 2023
Raw materials and supplies (*)	293,078,653	146,728,063
Other inventories (**)	154,132,623	140,404,737
	447,211,276	287,132,800

(*) A significant part of the raw material and supplies consists of coal.

(**) Other inventories consist of spare parts items such as pipes, plates, cables and consumables.

As of June 30, 2024, there is not any inventory as collateral for liabilities (December 31, 2023: None).

As of June 30, 2024, there is no impairment on inventories (December 31, 2023: None).

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

7 Property, plant and equipment

The Company's tangible assets consist of mining assets and other fixed assets. As of June 30, 2024 and December 31, 2023, the details of net book values are as follows:

	June 30, 2024	December 31, 2023
Mining assets (*)	299,894,897	303,322,778
Other tangible assets	10,039,931,073	10,378,922,101
	10,339,825,970	10,682,244,879

(*) The Company acquired the exploration and operating rights for the Çankırı Orta and Zonguldak Bağlık-İnağzı coalfields on December 19, 2022, and November 28, 2022, respectively. The acquisition cost was TL 57,788,634 for the Çankırı Orta field (adjusted for purchasing power as of June 30, 2024: TL 28,117,046) and TL 97,374,257 for the Zonguldak Bağlık-İnağzı coalfield (adjusted for purchasing power as of June 30, 2024: TL 46,823,646). Payments for these coalfield acquisitions were made in 2023. As of June 30, 2024, production has not yet commenced at the Zonguldak Bağlık-İnağzı field. In 2023, a drying, screening, and crushing stock facility costing TL 172,320,265 (adjusted for purchasing power as of June 30, 2024: TL 96,013,418) was constructed at the Çankırı Orta field.

The movements of mining assets for the periods ended June 30, 2024 and June 30, 2023, are as follows:

<u>Cost</u>	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2024</u>
Mining asset	332,627,122	199,075	-	332,826,197
<i>Mining rights</i>	155,162,891	-	-	155,162,891
<i>Machinery, plant and equipment</i>	172,320,265	-	-	172,320,265
<i>Other tangible assets</i>	5,143,966	199,075	-	5,343,041
Deferred mining cost (*)	13,739,824	2,249,888	-	15,989,712
	346,366,946	2,448,963	-	348,815,909
<u>Accumulated depreciation</u>	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2024</u>
Mining asset	(43,044,168)	(5,876,844)	-	(48,921,012)
<i>Mining rights</i>	(20,079,113)	(2,727,763)	-	(22,806,876)
<i>Machinery, plant and equipment</i>	(22,299,391)	(3,029,390)	-	(25,328,781)
<i>Other tangible assets</i>	(665,664)	(119,691)	-	(785,355)
	(43,044,168)	(5,876,844)	-	(48,921,012)
Net book value	303,322,778			299,894,897

(*) Deferred mining cost comprises the expenses related to drilling, analysis, and project costs in the Zonguldak Bağlık-İnağzı coal field.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

7 Property, plant and equipment (continued)

<u>Cost</u>	<u>January 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2023</u>
Mining asset	155,214,276	164,577,283	-	319,791,559
<i>Mining rights</i>	155,162,889	-	-	155,162,889
<i>Machinery, plant and equipment</i>	-	161,061,544	-	161,061,544
<i>Other tangible assets</i>	51,387	3,515,739	-	3,567,126
	155,214,276	164,577,283	-	319,791,559
<u>Accumulated depreciation</u>	<u>January 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2023</u>
Mining asset	-	(22,484,849)	-	(22,484,849)
<i>Mining rights</i>	-	(20,109,449)	-	(20,109,449)
<i>Machinery, plant and equipment</i>	-	(2,007,753)	-	(2,007,753)
<i>Other tangible assets</i>	-	(367,647)	-	(367,647)
	-	(22,484,849)	-	(22,484,849)
Net book value	155,214,276			297,306,710

The movements of other tangible assets for the periods ended June 30, 2024 and June 30, 2023, are as follows:

	<u>Power plant</u>	<u>Construction in progress</u>	<u>Other</u>	<u>Total</u>
<u>Cost</u>				
January 1, 2023	21,628,071,767	69,888,743	89,083,285	21,787,043,795
Additions	39,269,388	18,597,885	2,206,059	60,073,332
June 30, 2023	21,667,341,155	88,486,628	91,289,344	21,847,117,127
January 1, 2024	19,039,774,550	117,608,689	92,840,598	19,250,223,837
Additions	36,935,913	-	1,184,598	38,120,511
Transfers	117,161,069	(117,161,069)	-	-
June 30, 2024	19,193,871,532	447,620	94,025,196	19,288,344,348
<u>Accumulated depreciation</u>				
January 1, 2023	(9,037,344,173)	-	(58,226,957)	(9,095,571,130)
Additions	(422,996,118)	-	(2,974,939)	(425,971,057)
June 30, 2023	(9,460,340,291)	-	(61,201,896)	(9,521,542,187)
January 1, 2024	(8,806,767,734)	-	(64,534,002)	(8,871,301,736)
Additions	(373,966,535)	-	(3,145,004)	(377,111,539)
June 30, 2024	(9,180,734,269)	-	(67,679,006)	(9,248,413,275)
Net book value as of June 30, 2023	12,207,000,864	88,486,628	30,087,448	12,325,574,940
Net book value as of June 30, 2024	10,013,137,263	447,620	26,346,190	10,039,931,073

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

7 Property, plant and equipment (continued)

As of June 30, 2024, the insurance coverage amount for the Company's fixed assets is USD 550,000,000 (December 31, 2023: USD 550,000,000). The Company has provided mortgages and commercial pledges on its assets to secure loans currently provided by the consortium of Yapı ve Kredi Bankası A.Ş. Denizli Commercial Branch and Halk Bankası A.Ş. Denizli Commercial Branch (the "Lenders"). As of June 30, 2024, there are pledges and mortgages amounting to TL 22,151,165,423 and USD 544,716,185 in favor of the Lenders on the Company's tangible fixed assets (December 31, 2023: TL 22,151,165,423 and USD 544,716,185).

The Company has classified all tangible assets related with power plants as a separate group under the name of "Power Plant Assets". Power plants consist of assets with similar characteristics used in the activities and includes land, buildings, machinery, equipment and fixtures. The estimated useful life of the Power Plant Assets has been revised as of January 1, 2021 and determined as the end on June 30, 2038. The remaining life as of June 30, 2024 is 14 years.

Starting from January 1, 2021, the Company has adopted the revaluation model according to IAS 16 for its power plant assets reported under property, plant, and equipment. Since this valuation, performed by an independent valuation firm, used significant unobservable inputs, the fair value measurement has been classified as 'Level 3'. Additionally, these power plant assets have been carried at their revalued amounts less accumulated depreciation as of December 31, 2023, December 31, 2022, and December 31, 2021, for reporting periods subsequent to January 1, 2021. The Company has accounted for the power plant assets at their revalued amounts as of December 31, 2021, June 30, 2022, December 31, 2022, and December 31, 2023.

The tangible fixed assets identified with revaluation increments and defined benefit plans have been reset by transferring them to retained earnings in the financial statements as of January 1, 2022, without correction for inflation.

The Company applied the "Income Reduction Method- DCF Analysis" in its valuation and impairment studies. Given that long-term electricity market prices are the most important factor in the "DCF Analysis," the Company collaborated with an independent consultant providing services to companies operating in the energy market. When determining long-term electricity prices, the most important inputs in the model were the forecasted trends in demand, capacity, capacity factor development, electricity export & import trends, and coal prices. The most important assumptions in the income reduction method are, respectively, electricity prices, projected production volume, weighted average cost of capital, discount rate, and exchange rates. The Company does not expect significant changes in the forecasts and assumptions used in the valuation reports. In the income reduction method, the Company discounted its estimated revenues until 2038 based on the useful life of the power plant. Since it is expected that the discounted value of estimated revenues from 2038 until the expiration of the license will be higher than the discounted cost impact of estimated investments needed, the financial impact of the years after 2038 was not considered in the valuation as a precautionary measure.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

8 Intangible assets

The movements of intangible assets for the periods ended June 30, 2024 and June 30, 2023, are as follows:

	Rights	Total
<u>Cost</u>		
January 1, 2023	519,999,524	519,999,524
Additions	927,981	927,981
June 30, 2023	520,927,505	520,927,505
January 1, 2024	520,927,505	520,927,505
Additions	254,895	254,895
June 30, 2024	521,182,400	521,182,400
<u>Accumulated depreciation</u>		
January 1, 2023	(89,790,771)	(89,790,771)
Additions	(6,678,607)	(6,678,607)
June 30, 2023	(96,469,378)	(96,469,378)
January 1, 2024	(102,230,714)	(102,230,714)
Additions	(5,639,143)	(5,639,143)
June 30, 2024	(107,869,857)	(107,869,857)
Net book value as of June 30, 2023	424,458,127	424,458,127
Net book value as of June 30, 2024	413,312,543	413,312,543

The majority of the Company's intangible assets consists of EPDK electricity generation license, which has a life span of 49 years, and the rest consists of software licenses.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

9 Right of use assets

The movements of right-of-use assets for the periods ended June 30, 2024 and June 30, 2023 are as follows:

	Land	Vehicles	Total
<u>Cost</u>			
January 1, 2023	90,902,785	6,531,706	97,434,491
Additions	1,603,401	2,344,986	3,948,387
June 30, 2023	92,506,186	8,876,692	101,382,878
January 1, 2024	122,659,280	8,022,394	130,681,674
Additions	792,874	6,078,978	6,871,852
Disposals	-	(3,413,335)	(3,413,335)
June 30, 2024	123,452,154	10,688,037	134,140,191
<u>Accumulated depreciation</u>			
January 1, 2023	(5,953,391)	(2,143,191)	(8,096,582)
Additions	(669,423)	(1,087,600)	(1,757,023)
June 30, 2023	(6,622,814)	(3,230,791)	(9,853,605)
January 1, 2024	(8,362,350)	(3,496,662)	(11,859,012)
Additions	(829,451)	(843,772)	(1,673,223)
Disposals	-	1,625,467	1,625,467
June 30, 2024	(9,191,801)	(2,714,967)	(11,906,768)
Net book value as of June 30, 2023	85,883,372	5,645,901	91,529,273
Net book value as of June 30, 2024	114,260,353	7,973,070	122,233,423

10 Borrowings

Financial borrowings

As of June 30, 2024 and December 31, 2023, the details of financial borrowings are as follows:

	June 30, 2024	December 31, 2023
Short term portion of long-term bank loans	-	1,520,228,633
Short-term bank loans	-	1,520,228,633
Long-term bank loans	-	-
Long-term bank loans	-	-
Total bank loans	-	1,520,228,633

The Company repaid a total debt of TL 1,299,723,679, which was incurred under the Credit Agreement dated June 21, 2019, using the proceeds from its public offering on December 26, 2023. This debt was associated with the existing loan obligations of Çates Elektrik Üretim A.Ş. Additionally, the Company repaid foreign currency debt totaling USD 5,468,805 using its internal resources. The Company also settled the remaining Turkish Lira-denominated loan payments on June 24, 2024, thereby extinguishing all its bank loan liabilities.

The liquidity and foreign exchange risks related to the Company's financial borrowings are detailed in Note 14.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

11 Other assets and liabilities

Current assets

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

	June 30, 2024	December 31, 2023
Deferred VAT	12,147,131	-
Other	70,893	26,282
	12,218,024	26,282

Current liabilities

As of June 30, 2024 and December 31, 2023 other short-term liabilities are as follows:

	June 30, 2024	December 31, 2023
Taxes and funds payables	1,321,646	25,708,057
Other	281,647	790,749
	1,603,293	26,498,806

12 Cash and cash equivalents

As of June 30, 2024 and December 31, 2023, the breakdown of cash and cash equivalents is as follows:

	June 30, 2024	December 31, 2023
Banks	60,937,137	1,426,748,188
- Demand deposits	4,583,522	5,235,049
- Time deposits	56,353,615	1,421,513,139
	60,937,137	1,426,748,188

As of June 30, 2024, the details of the Company's time deposits are as follows:

Currency	Interest Rate (%)	Maturity	Foreign Exchange Amount	TL Equivalent
TL	40,00 - 43,00	3 days	56,353,615	56,353,615
Total				56,353,615

As of December 31, 2023, the details of the Company's time deposits are as follows:

Currency	Interest Rate (%)	Maturity	Foreign Exchange Amount	TL Equivalent
TL	25,00 - 38,00	3 days	1,421,513,139	1,421,513,139
Total				1,421,513,139

As of June 30, 2024 and December 31, 2023, the Company has not blockages or restrictions on cash and cash equivalents balances.

Financial risk and currency risk disclosures related to cash and cash equivalents are presented under Note 14.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

13 Taxes on income

Deferred tax liability

As of June 30, 2024 and December 31, 2023, the details of deferred tax liability are as follows:

Deferred Tax (Liabilities) / Assets	June 30, 2024	December 31, 2023
Impairment effect of tangible assets	(1,430,573,130)	(1,379,153,945)
Provision for employee termination benefits	11,771,665	7,922,834
Lawsuit provision	2,723,416	4,406,454
Rediscount on trade receivables	922,198	77,279,973
Provisions for doubtful receivables	(34,243)	(42,712)
Adjustments to borrowings	-	(570,971)
Deferred tax asset effect over retained earnings	95,979,087	-
Rediscount income / expenses	(1,623,721)	(1,687,809)
Other	547,319	1,739,703
	(1,320,287,409)	(1,290,106,473)

The movement of deferred tax liability for the periods ended June 30, 2024 and June 30, 2023, are as follows:

Movement of deferred tax	January 1, June 30, 2024	January 1, June 30, 2023
Opening balance	(1,290,106,473)	(2,479,587,355)
Deferred tax income recognized under other comprehensive income	3,121,017	3,238,510
Effect of deferred tax	(33,301,953)	351,818,804
	(1,320,287,409)	(2,124,530,041)

The Company's accumulated losses and their maturity distribution are as follows:

	Deferred tax		Deferred tax	
	Recognized	Not Recognized	Recognized	Not Recognized
	June 30, 2024	June 30, 2024	December 31, 2023	December 31, 2023
Expires in 2029	383,916,348	-	-	-
Expires in 2028	-	-	-	-
Expires in 2027	-	-	-	-
Expires in 2026	-	-	-	-
Expires in 2025	-	-	-	-
Expires in 2024	-	-	-	-
Toplam	383,916,348	-	-	-

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks from financial instruments

The Company's main financial instruments consist of bank loans, cash and demand deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company also has other financial instruments such as trade payables and trade receivables arising directly from operations.

14.1 Capital risk management

The Company manages its capital with the goal of ensuring that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's capital structure consists of liabilities, cash and cash equivalents, paid-in capital, reserves and equity items including retained earnings.

In order to maintain and reorganize its capital structure, the Company determines the amount of dividends payable to shareholders, may issue new shares and may sell assets to reduce borrowing.

The debt/equity ratio as of June 30, 2024 and December 31, 2023 are as follows:

	30 June 2024	31 December 2023
Total current liabilities	61,923,938	1,582,796,296
Cash and cash equivalents	(60,937,137)	(1,426,748,188)
Net debt	986,801	156,048,108
Equity	9,928,938,659	10,082,238,806
Net Debt/ equity ratio	0.01%	1.55%

14.2 Financial risk factors

The main risks posed by the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The management of the Company and the board of directors review and adopt the policies regarding to manage following risks. The Company also considers the market value risk for all financial instruments.

14.2.1 Credit risk

The risk of financial loss of the Company due to the failure to the financial instrument to fulfill its contractual obligation is defined as credit risk. Net book value of financial assets indicate the maximum credit risk exposure.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks deriving from financial instruments (continued)

14.2 Financial risk factors (continued)

14.2.1 Credit risk (continued)

As of June 30, 2024, the exposure of financial assets to credit risk is as follows:

June 30, 2024	Receivables				Time Deposits
	Trade Receivables		Other Receivables		
	Related party	Other party	Related party	Other party	
Maximum exposed credit risk as of reporting date (A+B+C+D+E)	96,187,808	140,685,838	-	12,671,007	60,937,137
- Secured portion of the maximum credit risk by guarantees, etc.	96,185,031	-	-	-	-
A. Net book value of financial asset neither are not due or nor impaired	96,185,031	132,182,649	-	12,671,007	60,937,137
B. Net book value of financial assets that are past due but not impaired	2,777	8,503,189	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	2,412,378	-	-	-
- Impairment (-)	-	(2,412,378)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

As of December 31, 2023, the exposure of financial assets to credit risk is as follows:

December 31, 2023	Receivables				Time Deposits
	Trade Receivables		Other Receivables		
	Related party	Other party	Related party	Other party	
Maximum exposed credit risk as of reporting date (A+B+C+D+E)	818,936,554	99,315,083	-	5,985,494	1,426,748,188
- Secured portion of the maximum credit risk by guarantees, etc.	818,936,554	-	-	-	-
A. Net book value of financial asset neither are not due or nor impaired	279,344,783	95,668,803	-	5,985,494	1,426,748,188
B. Net book value of financial assets that are past due but not impaired	539,591,771	3,646,280	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	3,009,070	-	-	-
- Impairment (-)	-	(3,009,070)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks deriving from financial instruments (continued)

14.2 Financial risk factors (continued)

14.2.2 Liquidity risk

The liquidity risk management of the Company is provided by the fund management to meet the current and future debt requirements by keeping sufficient funding resources available. Controls liquidity reserves and cash and cash equivalents with estimated cash flows:

June 30, 2024	Book value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	61,923,938	61,923,938	7,802,643	9,017,467	45,103,828	-
Trade payables to related parties	22,191,596	22,191,596	22,191,596	-	-	-
Trade payables to third parties	260,929,649	277,354,266	226,760,997	50,593,269	-	-
Other payables to related parties	3,490,036	3,490,036	-	3,490,036	-	-
Other trade payables to third parties	2,778,157	2,778,157	2,778,157	-	-	-
Toplam	351,313,376	367,737,993	259,533,393	63,100,772	45,103,828	-
December 31, 2023						
	Book value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	1,582,796,296	2,014,518,020	9,732,595	1,609,131,874	395,653,551	-
Trade payables to related parties	36,935,866	36,935,866	36,935,866	-	-	-
Trade payables to third parties	486,991,423	542,519,132	334,548,922	207,970,210	-	-
Other payables to related parties	295,814,356	295,814,356	-	295,814,356	-	-
Other trade payables to third parties	2,296,486	2,296,486	2,296,486	-	-	-
Toplam	2,404,834,427	2,892,083,860	383,513,869	2,112,916,440	395,653,551	-

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks deriving from financial instruments (continued)

14.2 Financial risk factors (continued)

14.2.3 Market risk

Market risk; changes in the market, such as exchange rates, interest rates, or prices of instruments traded in the securities markets, are a risk of changing the value of the Company's income or financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

14.2.3.1 Foreign exchange risk

As of June 30, 2024 and December 31, 2023, the foreign currency assets and liabilities of the Company in original and TRY equivalents amounts are as follows:

June 30, 2024	TL Equivalent	USD	EURO	GBP
1. Trade receivables	6,492,365	196,562	806	-
2a. Monetary financial assets (including cash on hand, bank deposits)	32,533,118	968,454	19,471	-
2b. Other non- monetary assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	39,025,483	1,165,016	20,277	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. March 31, 2023	-	-	-	-
9. Total assets (4+8)	39,025,483	1,165,016	20,277	-
10. Trade payables	7,048,503	15,002	186,270	-
11. Financial liabilities	-	-	-	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	7,048,503	15,002	186,270	-
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	7,048,503	15,002	186,270	-
19. Net asset / (liability) position of off-balance sheet derivatives (19a+19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9+18+19)	31,976,980	1,150,014	(165,993)	-
21. Net foreign currency asset / (liability) position of monetary items (=1+2a+5+6a+10+11+12a+14+15+16a)	31,976,980	1,150,014	(165,993)	-

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks deriving from financial instruments (continued)

14.2 Financial risk factors (continued)

14.2.3 Market risk (continued)

14.2.3.1 Foreign exchange risk (continued)

December 31, 2023	Foreign exchange status table TL equivalent (functional currency) (indexed values)	TL Equivalent	USD	EURO	GBP
1. Trade receivables	391,890,643	314,179,608	10,649,693	3,258	-
2a. Monetary financial assets (including cash on hand, bank deposits)	37,051,946	29,704,628	976,821	27,485	-
2b. Other non-monetary assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	428,942,589	343,884,236	11,626,514	30,743	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	428,942,589	343,884,236	11,626,514	30,743	-
10. Trade payables	74,312,250	59,576,298	1,029,393	895,125	210
11. Financial liabilities	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short term liabilities (10+11+12)	74,312,250	59,576,298	1,029,393	895,125	210
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Long term liabilities (14+15+16)	-	-	-	-	-
18. Total liabilities (13+17)	74,312,250	59,576,298	1,029,393	895,125	210
19. Net asset / (liability) position of off-balance sheet derivatives (19a+19b)	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9+18+19)	354,630,339	284,307,938	10,597,121	(864,382)	(210)
21. Net foreign currency asset / (liability) position of monetary items (=1+2a+5+6a+10+11+12a+14+15+16a)	354,630,339	284,307,938	10,597,121	(864,382)	(210)

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks deriving from financial instruments (continued)

14.2 Financial risk factors (continued)

14.2.3 Market risk (continued)

14.2.3.1 Foreign exchange risk (continued)

Sensitivity analysis

The Company is exposed to foreign exchange risk arising primarily with respect to the US Dollar. The following table details the Company's sensitivity to a 10% increase and decrease in US Dollar and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to senior management and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
June 30, 2024				
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	3,781,856	(3,781,856)	-	-
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	3,781,856	(3,781,856)	-	-
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(584,158)	584,158	-	-
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(584,158)	584,158	-	-
In case of 10% appreciation / depreciation of other currencies against TL				
7- Other currencies net asset/liability	-	-	-	-
8- Portion protected from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	-	-	-	-
TOTAL (3+6+9)	3,197,698	(3,197,698)	-	-

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

14 Nature and level of risks deriving from financial instruments (continued)

14.2 Financial risk factors (continued)

14.2.3 Market risk (continued)

14.2.3.1 Foreign exchange risk (continued)

Sensitivity analysis (continued)

	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
December 31, 2023				
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	31,252,286	(31,252,286)	-	-
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	31,252,286	(31,252,286)	-	-
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(2,820,703)	2,820,703	-	-
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(2,820,703)	2,820,703	-	-
In case of 10% appreciation / depreciation of other currencies against TL				
7- Other currencies net asset/liability	(790)	790	-	-
8- Portion protected from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	(790)	790	-	-
TOTAL (3+6+9)	28,430,793	(28,430,793)	-	-

14.2.3.2 Interest rate risk

Fixed-rate items	30 June 2024	31 December 2023
Financial liabilities	61,923,938	1,582,796,296
Time deposits	56,353,615	1,421,513,139

The Company exposes to interest rate risk, since the Company's borrowings are fixed and variable interest rates. The Company makes interest rate change contracts with maturity from time to time in order to be protected against the fluctuation effects that may arise in interest rates in International markets. These risks are managed using inherent methods that arise as a result of netting interest rate-dependent assets and liabilities. Interest rates on financial assets and liabilities are disclosed in the relevant notes.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

15 Commitments and contingencies

Collaterals-Pledges-Mortgages ("CPM")

As of June 30, 2024 and June 30, 2023, the original balances of the collaterals/pledge/mortgage ("CPM") are as follows:

	June 30, 2024			June 30, 2023		
	TRY Equivalent	TL	USD	TRY Equivalent	TL	USD
A. Total amounts of CPM given on behalf of its own legal entity (*)	445,350,016,362	321,065,673,565	3,779,328,235	432,519,608,851	321,062,306,084	3,779,328,235
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation	-	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations	-	-	-	-	-	-
D. Total amounts of other CPM given	-	-	-	-	-	-
i. Total amount of CPM given on behalf of the Parent	-	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C	-	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C	-	-	-	-	-	-
Total	445,350,016,362	321,065,673,565	3,779,328,235	432,519,608,851	321,062,306,084	3,779,328,235

(*) Guarantees given by the Company on behalf of its own legal entity comprises collaterals, mortgage, EPIAŞ receivables, receivables transfer and pledges to Electricity Generation Inc., Türkiye Halk Bankası A.Ş., Yapı ve Kredi Bankası A.Ş., TEİAŞ General Directorate, Zonguldak OBM, Turkish Hard Coal Authority, Turkey Electricity Trade and Contracting Inc., Energy Markets Management Inc. ("EPIAŞ"), Republic of Turkey State Railways ("TCDD") and Çatalağzı Municipality.

As of June 30, 2024 and December 31, 2023, the details of the mortgage/pledge/collaterals are as follows:

GPM	June 30, 2024			December 31, 2023		
	Total TL Equivalent	TL	USD	Total TL Equivalent	TL	USD
Mortgage	203,102,225,611	119,421,894,996	2,544,612,049	194,465,812,317	119,421,894,996	2,544,612,049
Pledge	96,045,784,469	55,441,772,302	1,234,716,185	91,855,157,736	55,441,772,302	1,234,716,185
Transfer of EPIAŞ Receivables	110,642,591,356	110,642,591,356	-	110,642,591,356	110,642,591,356	-
Commercial Pledge	35,305,886,536	35,305,886,536	-	35,305,886,536	35,305,886,536	-
Letter of Guarantee given	253,528,376	253,528,376	-	250,160,356	250,160,356	-
Total CPM	445,350,016,348	321,065,673,566	3,779,328,234	432,519,608,301	321,062,305,546	3,779,328,234

The Company's loan debts have been fully paid as of June 30, 2024, and the processes regarding the removal of guarantees, pledges and mortgages regarding these paid loans are continuing as of the balance sheet date.

Collaterals-Pledges-Mortgages

As of June 30, 2024, the Company has a letter of guarantee from payables which is amounting to TL 17,347,771 (December 31, 2023: TL 16,581,285). As of June 30, 2024, the Company has a letter of guarantee which is amounting to USD 40,000,000 received from Aydem EPSAŞ (December 31, 2023: USD 40,000,000).

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

16 Financial instruments (fair value disclosures)

Fair Value of Financial Instruments

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

If information used to measure the fair value of an asset or liability can be classified into a different level of the fair value hierarchy, the fair value measurement should be classified into the same level of the fair value hierarchy as the smallest information significant to the entire measurement.

The company accounts for transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

Fair value is the amount at which a financial asset could be exchanged, or a financial liability settled, between willing parties in an arm's length transaction, other than in a forced or liquidation sale, and is measured as closely as possible to the fair value price.

The company has generally assumed that the net book values of financial instruments with short maturities or those initially recognized close to the reporting date will approximate the fair values of the relevant assets. It is also assumed that foreign currency assets and liabilities, converted into Turkish Lira at the year-end rate, will approximate their fair values.

However, since estimation is required to determine the fair value, fair value measurements might not reflect the values that could be observed under current market conditions. Therefore, apart from the mentioned assumptions, it is noted that the management's use of judgment in fair value analysis relies on data that are not based on observable market inputs (non-observable inputs). Valuation methods for long-term financial borrowings, which fall under the level 3 classification of the fair value hierarchy, are based on such non-observable data.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

16 Financial instruments (fair value disclosures) (continued)

Fair Value of Financial Instruments (continued)

The table below represents the book value and fair value of financial assets and liabilities. The fair value of cash and cash equivalents, trade and other receivables states their book value according to term. The fair value of financial liabilities with fixed interest rate is calculated by finding discounted cash flows using the market interest rate valid as of the reporting date. The fair value of foreign currency floating rate financial liabilities is calculated by discounting future cash flows at estimated market interest rates.

	June 30, 2024		December 31, 2023	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
Financial assets				
Cash and cash equivalents	60,937,137	60,937,137	1,426,748,188	1,426,748,188
Trade receivables from related parties	96,187,808	96,187,808	818,936,554	818,936,554
Trade receivables from third parties	140,685,838	140,685,838	99,315,083	99,315,083
Other receivables from third parties	12,671,007	12,671,007	5,985,494	5,985,494
Financial liabilities				
Borrowings	61,923,938	61,923,938	1,582,796,296	1,582,796,296
Trade payables to related parties	22,191,596	22,191,596	36,935,866	36,935,866
Trade payables to third parties	260,929,649	260,929,649	486,991,423	486,991,423
Other payables to third parties	2,778,157	2,778,157	2,296,486	2,296,486
Net financial assets / (liabilities)	(37,341,550)	(37,341,550)	241,965,248	241,965,248

Derivative instruments

The Company uses derivative financial instruments (mainly exchange rate forward contracts) to hedge currency risk. Derivative financial instruments are calculated at fair value on the date of the contract and recalculated at fair value in subsequent reporting periods. Changes in the fair value of derivative financial instruments are recognized under the profit or loss statement for the period. The Company does not have derivative financial instruments.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

17 Earnings per share

Earnings per share is calculated by dividing the current year's net profit attributable to the parent shareholding by the weighted average number of shares traded during the year.

In Turkey, companies have the right to increase their capital through the distribution of bonus shares to be covered from the revaluation increase fund or accumulated profits. In calculating earnings per share, these increases were considered as shares distributed as dividends. Dividend distributions added to the capital are also evaluated in the same way. Therefore, when calculating the average number of shares, it was assumed that such shares were in circulation for the whole year. For this reason, the weighted average of the number of shares used to calculate the earnings per share has been determined by considering the retrospective effects.

The earnings per share calculation as of June 30, 2024, and June 30, 2023, is based on the net profit attributable to equity holders of the parent company and the weighted average number of shares. The details are as follows:

	January 1 - June 30, 2024	April 1 - June 30, 2024	January 1 - June 30, 2023	April 1 - June 30, 2023
Net profit attributable to the owners of the Group	(137,663,348)	(237,774,240)	1,119,179,769	565,967,747
Weighted average number of shares certificates	165,200,000	165,200,000	131,244,167	140,405,000
Earnings / (loss) per 100 share	(83.33)	(143.93)	852.75	403.10
Total comprehensive income attributable to the owners of the Group	(147,026,399)	(234,433,626)	1,109,464,238	542,320,087
Earnings per 100 shares from total comprehensive income	(89.00)	(141.91)	845.34	386.25

June 30, 2024	Number of shares	Time weighting (days)
Outstanding ordinary shares as of 1 January 2024	165,200,000	181
Weighted average for the period	165,200,000	181/181

June 30, 2023	Number of shares	Time weighting (days)
Outstanding ordinary shares as of 1 January 2023	85,440,000	30
Outstanding ordinary shares as of 31 January 2023	140,405,000	150
Weighted average for the period	131,244,167	180/180

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
Çates Elektrik Üretim Anonim Şirketi
Notes to the Interim Condensed Financial Statements for the Period Ended
June 30, 2024

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

18 Segment reporting

The Company operates as a single reporting unit encompassing both electricity sales and ancillary services related to electricity sales. The decision-making authority of the Company rests with the Board of Directors. Resource allocation decisions are made centrally based on two units. The objective of these resource allocation decisions is to maintain financial results in the most profitable manner. All other assets and liabilities are associated with the Company's integrated reportable segment.

19 Other matters that significantly affect the financial statements or that need to be disclosed for the financial statements to be clear, interpretable and understandable

There were shutdowns in the electricity generation plant owned by the Company due to planned maintenance and repairs in the first half of 2024, and a decrease in production was observed due to these shutdowns, and this negatively affected the Company's profitability in the six-month period ending on June 30, 2024.

20 Events after the balance sheet date

The Company has commenced electricity sales to its related party, Aydem EPSAŞ, through bilateral agreements starting in August 2024.

On July 25, 2024, a Regulation Amending the Electricity Market Capacity Mechanism Regulation was published in the Official Gazette. The regulation specifies that if additional budget is allocated for the Capacity Mechanism in 2024, the allocated budget will be distributed to the relevant power plants according to the formulas outlined in the regulation, evenly across the remaining months. It is anticipated that this regulation will positively impact the Company's revenues for 2024.