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

ÇATES ELEKTRİK ÜRETİM ANONİM ŞİRKETİ

Interim Condensed Financial Statements
As at and For the period ended
March 31, 2024

INDEX | **PAGE**

STATEMENT OF BALANCE SHEET	**1-2**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**3**
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	**4**
STATEMENT OF CASH FLOWS	**5**
NOTES TO THE FINANCIAL STATEMENTS	**6-64**

Çates Elektrik Üretim Anonim Şirketi

Statement of balance sheet
as at March 31, 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of March 31, 2024, unless otherwise indicated)

	Notes	Unaudited, current period March 31, 2024	Audited, prior period December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	19	839,647,764	1,316,129,051
Financial investments		139,429,112	32,777,761
Trade receivables		566,631,626	847,057,431
- Due from related parties	3,4	*519,300,766*	*755,442,480*
- Due from third parties	4	*47,330,860*	*91,614,951*
Other receivables		25,669,842	3,620,751
- Due from related parties	3.5	*22,501,517*	-
- Due from third parties	5	*3,168,325*	*3,620,751*
Inventories	6	448,513,529	264,870,720
Prepaid expenses	7	24,255,411	36,397,697
Other current assets	14	9,098,133	24,244
Total current assets		**2,053,245,417**	**2,500,877,655**
Non- current assets			
Other receivables		3,258,681	1,900,674
- Due from third parties	5	*3,258,681*	*1,900,674*
Property, plant and equipment	8	9,687,571,950	9,854,025,353
- Mining assets	8	*275,489,925*	*279,805,451*
- Other tangible assets	8	*9,412,082,025*	*9,574,219,902*
Right -of- use assets	10	109,284,032	109,610,062
Intangible assets	9	383,829,118	386,234,246
- Other intangible assets	9	*383,829,118*	*386,234,246*
Prepaid expenses	7	2,495,319	4,680,788
Total non-current assets		**10,186,439,100**	**10,356,451,123**
TOTAL ASSETS		**12,239,684,517**	**12,857,328,778**

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

Statement of balance sheet
as at March 31, 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of March 31, 2024, unless otherwise indicated)

	Notes	Unaudited, current period March 31, 2024	Audited, prior period December 31, 2023
LIABILITIES			
Current liabilities			
Lease liabilities	16	7,802,643	8,978,004
Short term portion of long term borrowings	16	1,255,116,671	1,402,361,737
Trade payables		302,496,182	483,305,974
- Trade payables to related parties	3,4	*6,204,763*	*34,072,141*
- Trade payables to third parties	4	*296,291,419*	*449,233,833*
Employee benefit obligations	13	30,231,776	25,831,089
Other payables		4,225,405	274,997,608
- Other payables to related parties	3,5	*2,172,551*	*272,879,174*
- Other payables to third parties	5	*2,052,854*	*2,118,434*
Current income tax liabilities		27,332,315	52,557,304
Short-term provisions		20,200,330	21,600,648
-Provisions for employment benefits	11.13	*9,690,769*	*5,341,406*
-Other short-term provisions	11	*10,509,561*	*16,259,242*
Other current liabilities	14	4,475,830	24,444,299
Total current liabilities		**1,651,881,152**	**2,294,076,663**
Non-current liabilities			
Lease liabilities	16	44,851,139	48,738,642
Long-term provisions		41,063,977	23,892,828
- Provisions for employment benefits	13	*41,063,977*	*23,892,828*
Deferred tax liabilities	0	1,124,839,802	1,190,081,489
Total non-current liabilities		**1,210,754,918**	**1,262,712,959**
TOTAL LIABILITIES		**2,862,636,070**	**3,556,789,622**
EQUITY			
Equity attributable to owners of the Company			
Paid-in share capital	15	165,200,000	165,200,000
Adjustment to share capital		459,327,063	459,327,063
Contributions of shareholders	15	1,483,851,190	1,483,851,190
Share premiums		1,323,995,544	1,323,995,544
Treasury shares		(4,121,049)	-
Restricted reserves		4,121,049	
Other comprehensive income that will not to be reclassified to profit or loss		(21,378,717)	(9,659,997)
- Gains on remeasurements of defined benefit plans		*(21,378,717)*	*(9,659,997)*
Retained earnings		5,873,704,307	4,127,201,037
Net profit for the period		92,349,060	1,750,624,319
Total equity		**9,377,048,447**	**9,300,539,156**
TOTAL EQUITY AND LIABILITIES		**12,239,684,517**	**12,857,328,778**

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

Çates Elektrik Üretim Anonim Şirketi

Statement of profit or loss and other comprehensive income for the period ended March 31, 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of March 31, 2024, unless otherwise indicated)

	Unaudited, current period January 1 - March 31, 2024	**Unaudited, prior period January 1 - March 31, 2023**
Profit and Loss		
Revenue	1,029,638,268	1,572,162,018
Cost of sales (-)	(1,020,074,983)	(1,376,725,894)
Gross profit	**9,563,285**	**195,436,124**
General administrative expenses (-)	(70,130,950)	(74,220,914)
Other operating income	36,511,548	9,988,469
Other operating expenses (-)	(7,175,082)	(11,054,706)
Operating profit / (loss)	**(31,231,199)**	**120,148,973**
Income from investing activities	307,017	-
Operating (loss)/ profit before financial income and expense	**(30,924,182)**	**120,148,973**
Financial income	92,513,945	4,447,895
Financial expense (-)	(38,376,128)	(124,772,691)
Gains/(losses) on net monetary position	7,799,978	384,099,392
Financing expenses, net	**61,937,795**	**263,774,596**
Profit before tax	**31,013,613**	**383,923,569**
Tax income/ (expense)	**61,335,447**	**126,396,627**
- Current tax expense	-	(47,178,030)
-Deferred tax income / (expense)	61,335,447	173,574,657
Profit from continued operations	**92,349,060**	**510,320,196**
Net profit for the period	**92,349,060**	**510,320,196**
Other comprehensive income		
- Total other comprehensive income not to be classified to profit or loss	**(11,718,720)**	**12,851,939**
- Gains / (losses) on remeasurements of defined benefit plans	(15,624,960)	16,064,924
- Gains / (losses) on remeasurements of defined benefit plans, tax effect	3,906,240	(3,212,985)
Other comprehensive income/ (expense)	**(11,718,720)**	**12,851,939**
Total comprehensive income	**80,630,340**	**523,172,135**
Earnings per 100 share -common stock (TL)	55.90	418.01
Earnings per 100 shares from total comprehensive income	48.81	428.54

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

Çates Elektrik Üretim Anonim Şirketi

Statement of Changes in Shareholders' Equity
for the period ended March 31, 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of March 31, 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 for the period**	**Total equity**
Balances as of January 1, 2023	**85,440,000**	**411,045,133**	**1,483,851,190**	**-**	**-**	**-**	**(5,541,262)**	**789,084,229**	**1,156,185,289**	**2,919,272,518**	**6,839,337,097**
Profit and Loss											
Net profit for the year	-	-	-	-	-	-	-	-	-	**510,320,196**	**510,320,196**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**12,851,939**	**-**	**-**	**-**	**12,851,939**
Gains / (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	12,851,939	-	-	-	12,851,939
Total comprehensive income/(loss)	-	-	-	-	-	-	**12,851,939**	-	-	**510,320,196**	**523,172,135**
Capital increase	54,965,000	42,748,272	-	-	-	-	-	-	-	-	97,713,272
Transfer of depreciation related to revaluations fund	-	-	-	-	-	-	-	(12,935,807)	12,935,807	-	-
Transfers	-	-	-	-	-	-	-	-	2,919,272,518	(2,919,272,518)	-
Balance as of March 31, 2023	**140,405,000**	**453,793,405**	**1,483,851,190**	**-**	**-**	**-**	**7,310,677**	**776,148,422**	**4,088,393,614**	**510,320,196**	**7,460,222,504**
Balances as of January 1, 2024	**165,200,000**	**459,327,063**	**1,483,851,190**	**1,323,995,544**	**-**	**-**	**(9,659,997)**	**-**	**4,127,201,037**	**1,750,624,319**	**9,300,539,156**
Profit and Loss											
Net profit for the year	-	-	-	-	-	-	-	-	-	**92,349,060**	**92,349,060**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(11,718,720)**	**-**	**-**	**-**	**(11,718,720)**
Gains / (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	(11,718,720)	-	-	-	(11,718,720)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(11,718,720)**	**-**	**-**	**92,349,060**	**80,630,340**
Acquisition of own shares	-	-	-	-	(4,121,049)	4,121,049	-	-	(4,121,049)	-	(4,121,049)
Transfers	-	-	-	-	-	-	-	-	1,750,624,319	(1,750,624,319)	-
Balance as of March 31, 2024	**165,200,000**	**459,327,063**	**1,483,851,190**	**1,323,995,544**	**(4,121,049)**	**4,121,049**	**(21,378,717)**	**-**	**5,873,704,307**	**92,349,060**	**9,377,048,447**

* Capital, reserves and other equity items are explained in footnote 15.

Çates Elektrik Üretim Anonim Şirketi

Statement of Cash Flows for the period ended March 31, 2024

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of March 31, 2024, unless otherwise indicated)

	Unaudited, current period January 1 - March 31, 2024	**Unaudited, prior period January 1 - March 31, 2023**
A. CASH FLOWS FROM OPERATING ACTIVITIES	**(446,014,234)**	**146,561,497**
Net profit for the period	**92,349,060**	**510,320,196**
Adjustments to reconcile profit for the period		
Adjustments to depreciation and amortization	181,511,225	210,694,474
Adjustments for provisions	3,529,912	25,433,469
Adjustments for provisions for employee benefits	7,366,863	20,228,375
Adjustment for lawsuits and/ or penalty provisions	(3,836,951)	5,205,094
Adjustments for impairment / (cancellation) of receivables	-	(5,782)
Adjustments for tax income/expense	(61,335,447)	(126,396,627)
Adjustments for interest income	(92,513,945)	(4,447,895)
Adjustments for interest expenses	46,589,009	122,809,748
Deferred financing expense/(income) arising from purchases/sales	1,202,657	(1,258,173)
Effects related to unrealized currency conversion differences	-	866,467
Adjustments for other items that give rise to cash flows from investing or financing activities	-	2,942,719
Monetary (gain)/ loss	(42,310,039)	(454,340,852)
Total adjustments	**36,673,372**	**(223,702,452)**
Decrease / (increase) in trade receivables from related parties	236,141,714	23,127,742
Decrease / (increase) in trade receivables from third parties	44,647,483	16,326,151
Decrease / (increase) in inventories	(183,642,809)	(158,612,001)
Decrease / (increase) in trade payables due to related parties	(27,867,378)	(280,273,024)
Decrease / (increase) in trade payables due to third parties	(154,145,071)	(32,634,207)
(Increases)/decreases in other receivables from related parties related to operations	47,160,626	7,996,130
Increases/(decreases) in other payables to related parties related to operations	(270,706,623)	(15,779,141)
Decrease / (increase) in prepaid expenses	(124,355,370)	330,302,112
Increase / (decrease) in employee benefits	4,400,687	6,044,718
Decrease/(increase) in other receivables related to operations related adjustments	(10,417,229)	(8,241,273)
Increase/(decrease) in other payables related to operations related adjustments	(21,753,703)	(33,011,019)
Payments of employee termination benefits	(4,679,886)	(3,393,212)
Taxes paid	(3,167,756)	-
Decrease / (increase) in financial investments	(106,651,351)	8,090,777
Net cash from operating activities	**(575,036,666)**	**(140,056,247)**
B. CASH FLOWS FROM INVESTING ACTIVITIES	**126,411,534**	**(218,916,543)**
Cash outflows from the purchase of tangible assets (-)	126,646,665	(218,168,535)
Cash outflows from the purchase of intangible assets (-)	(235,131)	(748,008)
C. NET CASH FROM FINANCING ACTIVITIES	**15,423,238**	**81,749,383**
Proceeds from capital increase	-	80,188,272
Interest received	22,851,802	1,980,994
Cash outflows arising from acquisition of shares or debt instruments of other businesses	(4,121,049)	-
Cash outflows related to lease agreements (-)	(3,307,515)	(419,883)
D. EFFECT OF NET MONETARY POSITION DIFFERENCES GAINS / (LOSSES) ON CASH AND CASH EQUIVALENTS	**(172,301,825)**	**(22,263,674)**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(476,481,287)**	**(12,869,337)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,316,129,051**	**47,113,274**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**839,647,764**	**34,243,937**

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

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 got 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. ("EPİAŞ") 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 Turkish Lira. 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 March 31, 2024, the Company had 380 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 June 11, 2024. The General Assembly have the right to amend the financial statements.

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 financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards Turkish Financial Reporting Standards and interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. Communiqués is updated in order to provide consistency with the changes in International Financial Reporting Standards ("IFRS").

The company account and prepares its statutory books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code and tax legislation. The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. Financial statements are based on the statutory records, which are maintained under historical cost conventions except for the revaluated power plants, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

In addition, the Company has prepared its financial statements prepared pursuant to the TCC in accordance with the accounting policies expressed under Footnote 2 in order to ensure the presentation in accordence to TFRS. The accompanying financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on October 4, 2022 by POA and the format and mandatory information recommended by 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 March 31, 2024.

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 (KGK). 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:

Date	Index	Index%	Adjustment Coefficient
December 31, 2004	113.86	13.86	18.79
December 31, 2005	122.65	7.72	17.44
December 31, 2006	134.49	9.65	15.91
December 31, 2007	145.77	8.39	14.68
December 31, 2008	160.44	10.06	13.34
December 31, 2009	170.91	6.53	12.52
December 31, 2010	181.85	6.4	11.77
December 31, 2011	200.85	10.45	10.65
December 31, 2012	213.23	6.16	10.03
December 31, 2013	229.01	7.4	9.34
December 31, 2014	247.72	8.17	8.64
December 31, 2015	269.54	8.81	7.94
December 31, 2016	292.54	8.53	7.31
December 31, 2017	327.41	11.92	6.53
December 31, 2018	393.88	20.3	5.43
December 31, 2019	440.5	11.84	4.86
December 31, 2020	504.81	14.6	4.24
December 31, 2021	686.95	36.08	3.11
December 31, 2022	1.128.45	64.27	1.90
March 31, 2023	1.269.75	12.52	1.68
December 31, 2023	1.859.38	64.77	1.15
March 31, 2024	2,139.47	15.06	1.00

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 March 31, 2024. Non-monetary items that are not expressed in the measurement unit as of March 31, 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.

In the unadjusted financial position statement dated January 1, 2022, the revaluation increments of tangible fixed assets and defined benefit plans were transferred to retained earnings and reset to zero.

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

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.

2.4 Changes in accounting policies

Accounting policy changes resulting from the initial application of a new TAS/TFRS are retrospectively or prospectively applied in accordance with any transitional provisions of the respective TAS/TFRS, 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 Going concern

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

2.8 Periodicity of the company's operations

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

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

2.9 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of March 31, 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 TAS 7 - Disclosures: Supplier Finance Arrangements
- Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

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

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

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 Amendments to IAS 21 - Lack of exchangeability

- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

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

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

2.10 Summary of significant accounting policies

Related parties

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

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

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

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

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

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

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

2.10 Summary of significant accounting policies *(continued)*

Related parties *(continued)*

Transactions with related parties are transfers of resources, services, or obligations between the reporting entity and a related party, regardless of whether there is consideration exchanged. Unless the transactions with related parties are required to be measured at fair value, the transactions are accounted for based on the transaction amounts.

In accordance with the purpose of financial statements, shareholders, key management personnel, members of the Board of Directors, their families, and entities controlled by them or to which they are affiliated, subsidiaries, associates, and joint ventures, as well as Aydem Holding Group companies and key management personnel of the reporting entity or its parent company, are considered and disclosed as related parties.

Revenue

The operations of the Company are regulated under Electricity Market Law No. 6446, the Regulation on Electricity Market License of Energy Market Regulatory Authority (EMRA), the Electricity Market Balancing and Settlement Regulation (“BSR”) and other related legislative provisions. The Company registered with the Market Financial Settlement Center with the user code PK8360 under the BSR.

Electricity sales

The electricity sold by the Company to customers is produced and sold simultaneously, and accordingly, sales and costs are incurred at the time of use since electricity cannot be stored. The revenue obtained from electricity sales to customers is measured after deducting the returns.

In order for revenue to be recognized, the risks and benefits associated with the product must be transferred to customers. The transfer of risks and benefits depends on the electricity consumption of customers.

Even though the electricity sales invoices reflected to Company or from the Company are issued in the following month, they are accounted for as income and expense accruals in the relevant month.

The company recognizes revenue in the financial statements in line with the following 5 basic principles:

a) Identification of customer contracts
b) Identification of performance obligations
c) Determination of the transaction price in the contracts
d) Allocation of transaction price to the performance obligations
e) Recognition of revenue when the performance obligations are satisfied

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

2.10 Summary of significant accounting policies *(continued)*

Revenue *(continued)*

The Company recognizes a contract with its customers as revenue if all of the following conditions are met:

a) The contract has been approved by the parties to the contract; (in writing, orally or in accordance with other commercial practices) and undertaken to fulfill their own actions,
b) Each party's rights in relation to the goods or services to be transferred can be identified;
c) The payment terms for the goods or services to be transferred can be identified;,
d) The contract has commercial substance; and
e) It it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

At the beginning of the contract, the Company evaluates the goods or services committed in the contract with the customer and defines each commitment it makes to transfer to the customer as a separate performance obligation. The Company also determines, at the beginning of the contract, whether it fulfills each performance obligation over time or at a point in time.

When another party is involved in the provision of goods or services to the customer, the Company determines that the nature of its commitment is a performance obligation to provide the specified goods or services itself (principal) or to act as an intermediary for those goods or services provided by the other party (agent). The company is principal if it controls specified goods or services before transferring those goods or services to the customer. In this case, when it fulfills (or fulfills) its performance obligation, it recognizes revenue in the financial statements equal to the gross amount of the consideration it expects to be entitled to in return for the specified goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Company does not recognize the revenue of the consideration at gross amount.

The Company takes into account the terms of the contract and commercial practices in order to determine the transaction price. The transaction price is the price that the Company expects to be entitled to in return for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

The Company's performance obligations consist of wholesale electricity sales and ancillary services related to electricity sales. The electricity sold is transmitted to the customer via transmission lines and the customer simultaneously consumes the benefit obtained from the Company's performance. Revenue consists of electricity sales and ancillary services related to electricity sales is accounted for the content at a point in time.

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

2.10 Summary of significant accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost or net realizable value.

Inventory costs measure using the weighted average cost method, and the purchase cost of inventories includes other costs incurred to become to their current condition and location.

Net realizable value represents to the amount by deducting the estimated selling price from the estimated cost of completion and the estimated selling expenses necessary to make the sale. Inventories consist of coal and chemicals, operating materials and spare parts required for electricity generation.

Property, plant and equipment

Recognition and measurement

The company, has adopted the revaluation method in accordance with TAS 16 for its entire power plants. Power plants are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Other tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is also stated at cost, net of accumulated impairment losses, if any.

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. As of January 1, 2021, the company has adopted the revaluation method in accordance with TAS 16 for power plant assets. As of December 31, 2021, June 30, 2022, December 31, 2022 and December 31, 2023, the Company revalued the property, plant and equipment consisting of the power plant.

The revaluation fund is recorded under other comprehensive income and is recognized as debit to the revaluation fund under equity. However, the increase is recognized in profit or loss if it reverses the valuation deficit of the same asset previously recognized in profit or loss. The revaluation deficit is recognized under the statement of profit or loss, except that offsetting the existing increase on the same asset, which is recognized under the revaluation increases on property, plant and equipment.

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

Depreciation is calculated using the straight-line method over property, plant and equipment. Land is not depreciated on the basis that it has an indefinite life.

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

2.10 Summary of significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

Recognition and measurement (continued)

Mining assets

Mining assets consist of the costs of purchased mining rights and tangible assets attributed to stripping costs. Mining assets are recognized in the financial statements with their net book value after deducting the accumulated depreciation and permanent impairment, if any, from acquisition costs. Mining assets amortization is calculated with the production.

Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income. In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur. The large-scale and important revision works carried out at the said mine, which will increase the economic benefits to be obtained during the life of the relevant mine, are capitalized. Maintenance and repair expenses, excluding large-scale and significant revisions, that can be evaluated within this scope are recorded as expense in the profit or loss and other comprehensive income statement of the period in which they occur.

The Company does not have any obligations regarding the mining for which the Company holds a license.

Depreciation

Mining assets

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Company management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit.

Turkuaz Linyit Kömür İşletmeleri A.Ş., which is a royalty holder in the mining site before the transfer date of the mining sites. The existing crushing-screening facilities were built by the royalty company Turkuaz Linyit Kömür İşletmeleri A.Ş. to increase the coal quality. Mining assets are depreciated when capacity is ready to be used fully and physical conditions meet the production capacity determined by the Company Management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the parts to the extent that can be defined on the basis of the relevant mining areas recorded.

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

2.10 Summary of significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

Recognition and measurement (continued)

The estimated useful lives of significant property, plant and equipment as of March 31, 2024 are as follows:

	Years
Power Plants (*)	14
Other tangible assets	4-20

(*) 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 March 31, 2024 is 14 years and 3 months.

A property, plant and equipment is derecognised upon disposal (i.e., at the date the buyer get control) or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized under the statement of profit or loss when the asset is derecognised.

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

Power plants consist of groups of assets with similar natures used in the operations and include land, buildings, machinery, equipment, furniture and fixtures.

Maintenance expenses of property, plant and equipment are recognized as expense. However, maintenance expenses are capitalized if there is a result in benefits or significant improvements in the economic life of the relevant assets.

Right of use assets

Since the Company has recognized the simplified retrospective approach, the right-of-use assets are transferred as of January 1, 2019, based on financial lease agreements signed before 1 January 2019, which is the first application date of TFRS 16. Based on agreements within the scope of TFRS 16 signed after January 1, 2019, right-of-use assets are recognized on the date the lease agreement begins (for example, as of the date the relevant asset becomes available for use). Right-of-use assets are calculated at cost less accumulated depreciation and impairment losses.

The cost of right-of-use assets include the amount of the obligation, the direct costs incurred at the beginning, and the rental payments made on or before the start date.

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

2.10 Summary of significant accounting policies *(continued)*

Right of use assets *(continued)*

The cost of right-of-use assets includes the following:

(a) the amount of the initial measurement of the lease liability,
(b) any lease payments made at or before the commencement date, less any lease incentives received,
(c) any initial direct costs incurred by the Company,

Unless the transfer of ownership of the right of asset to the Company is not certain at the end of the lease term; the Company depreciates the right-of-use asset from the start date of the lease until the end of the useful life. The useful life of right-of-use assets range varies from 1 year to 45 years.

Right-of-use assets consist of land, estate and vehicles and are subject to impairment assessment.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments,
(b) ariable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
(c) amounts expected to be paid under residual value guarantees
(d) exercise price of a purchase option reasonably certain to be exercised by the Company
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments which is not related to index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

The Company uses the revised discount rate for the remaining portion of the lease term as the interest rate implicit in the lease if it can be easily determined; if it cannot be easily determined, it is determined as the Company's alternative borrowing interest rate on the date of reassessment. The Company used an interest rate of 14.82% - 24.85% for all lease agreements which are denominated in TL.

After the commencement date, Company measures the lease liability by:

(a) increasing the carrying amount to reflect interest on the lease liability, and
(b) reducing the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

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

2.10 Summary of significant accounting policies *(continued)*

Intangible assets

Recognition and measurement

Other intangible assets purchased by the Company that have a certain useful life are measured by deducting accumulated depreciations and permanent impairments, if any, from their aqusition costs.

Subsequent costs

Subsequent costs are capitalized only if they have the effect of enhancing the future economic benefit of the intangible assets to which they are associated. All other expenses are recognized in profit or loss when they are incurred.

Amortization

Intangible assets are recognized in profit or loss using the linear amortization method over their useful life from the date they are available for use.

Amortization methods, useful lives and residual values are examined as of each reporting period and redetermined when necessary.

The estimated useful lives of significant intangible asset items in the current period are as follows:

	Years
Rights (*)	5-49

(*) 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. As of March 31, 2024, the remaining life is 39 years.

Impairment of assets

Financial assets accounted for at amortized cost

The Company evaluates the impairment indicators for assets both at asset level and collectively. All major assets are assessed for significant impairment. Assets with no significant impairment as a separate asset alone are collectively subjected to impairment testing for realized but not yet determined impairment. Assets that are not important alone are grouped as assets with similar risk characteristics and are subjected to impairment testing in aggregate.

While the company evaluates the impairment collectively, the company realizes the recovery timing and loss amounts considering the past trends. When making this assessment, the Company management makes corrections when necessary, using the opinion that the losses incurred by considering the current economic situation and credit conditions should be more or less than the impairment reserve allocated according to past trends.

Impairment refers to the difference between the carrying value of the asset and the reduction of the expected future cash flows to the present value and the original effective interest rate. Losses are recorded under profit or loss and recognized under provision account. The relevant amounts are deducted when the company has no realistic expectations of asset recovery. If an event that occurs after the impairment has been recognized, impairment is recognized under profit or loss.

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

2.10 Summary of significant accounting policies *(continued)*

Impairment of assets *(continued)*

Non-financial assets

The Company evaluates whether there is any indication for probable impairment on non-financial assets, other than inventories, deferred tax assets and investment properties at each reporting date. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of a cash-generating unit (CGU) related with an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less selling costs. Value in use is estimated by discounting future cash flows at the pre-tax discount rate in line with the current market assessments reflecting the time value of money and the risks specific to that asset.

If the carrying amount of the CGU related to an asset exceeds its recoverable amount, the impairment expense is recorded.

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

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

Financial instruments

Non-derivative financial assets and financial liabilities

The company classifies non-derivative financial assets into the following categories: Financial assets at amortized cost and fair value through in profit or loss.

The Company classifies non-derivative financial liabilities into borrowings, trade payables and other payables.

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

2.10 Summary of significant accounting policies *(continued)*

Financial instruments *(continued)*

Non-derivative financial assets and financial liabilities – recognition and off-balance sheet

The Company recognizes loans and receivables on the date they occur. The entity records all other financial assets and liabilities only and only on the date of the transaction, to which the financial instrument concerned is a party to the contractual conditions.

The Company derecognizes the financial asset from records when the rights related to the cash flows that occur in accordance with the contract related to the financial assets expire or when the Company transfer rights to the ownership of all risks and returns related to this financial asset through a transaction. Any rights created or held are accounted as a separate asset or liability.

In cases where contractual liabilities are fulfilled, canceled or terminated; the Company derecognises the financial liability from records. The Company clarifies financial assets and liabilities only when the Company has a legal right to offsetting and if the intention is to perform the transaction on a net basis or to realize the fulfillment of the liability and realization of the asset and present the net amount under financial statements.

Non-derivative financial assets and financial liabilities – measurement

Loans and receivables

Assets are first recognized by adding transaction costs that can be directly associated with fair value. After initial recording, loans and receivables are recognized by deducting impairments from the amortized costs of future principal and interest cash flows using effective interest rates.

Cash and cash equivalents

Cash and cash equivalents include accounts at the bank, which are repayable upon request and which are part of the Company's cash management under the cash flows table.

Non-derivative financial liabilities

Financial liabilities are recognized on the transaction date when the Company becomes a party to the contractual terms of the relevant financial instrument. In cases where contractual liabilities are fulfilled, canceled or terminated; the company removes the financial liabilities from accounts. The Company classifies its non-derivative financial liabilities into the category of other financial liabilities. This financial liabilities are initially recognized at fair value by including transaction costs, which are directly attributable to their fair value. Following initial recognition, financial liabilities are carried at amortized cost using effective interest rates for future principal and interest cash flows. Other financial liabilities consist of trade and other payables and payables to related parties.

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

2.10 Summary of significant accounting policies *(continued)*

Transactions in foreign currency

Transactions made in a foreign currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into valid currency by the exchange rates at the end of the reporting period. Currency translation difference profit or loss of monetary items refers to the difference between the amortized cost of the current currency amount at the beginning of the period and the amortized cost of the amortized cost at the end of the period, and the amount converted from the period end exchange rate. Non-monetary foreign currency items that are measured at their historical costs are converted into valid currency using exchange rates at the date of the transaction.

With the "Announcement on the Subsequent Measurement of Monetary Items in Foreign Currency Accordance with Turkish Accounting Standards" made by the POA on March 15, 2021, the next measurement of monetary items is not based on the exchange rates announced by the Central Bank of the Republic of Turkey ("CBRT") on December 30; at the spot rates announced on December 31 and at the current purchase rate of monetary assets in foreign currency as of the end of the reporting period; It was also reported that monetary liabilities in foreign currency should be valued at the current sales rate as of the end of the reporting period. The CBRT exchange rate information used by the company is as follows:

March 31, 2024	**CBRT Foreign Exchange Buying**	**CBRT Foreign Exchange Sales**
USD	32.2854	32.3426
EUR	34.8023	34.8650

December 31, 2023	**CBRT Foreign Exchange Buying**	**CBRT Foreign Exchange Sales**
USD	29.4382	29.4913
EUR	32.5739	32,6326

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

2.10 Summary of significant accounting policies *(continued)*

Offsetting

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

Provisions, contingent liabilities and contingent assets

The amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount amount is recognized as other expenses from the operations.

Income taxes

Income tax comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except items recognized under equity or in other comprehensive income.

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

Deferred tax is calculated over the temporary differences between the carrying values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences, if any:

• Temporary differences arising in the initial recognition of assets or liabilities resulting from a business combination that does not affect neither accounting profit nor taxable profit or loss:

• Temporary differences related to investments in subsidiaries and jointly controlled entities that are unlikely to reverse within a foreseeable future.

Deferred tax is measured by the tax rate effective at the end of the reporting period or the tax rate close to enforcement.

Deferred tax assets and deferred tax liabilities can be offset if there is a legal right to set off current tax assets against current tax liabilities and the deferred tax asset and the deferred tax liability are the same taxpayer imposed by the same tax authority.

Deferred tax asset is recognized if it is probable that there will be sufficient taxable income for the past year financial losses, tax advantages and deductible temporary differences that will be sufficient to be offset in the future. Deferred tax assets are reviewed in each reporting period and deferred tax assets are reduced where tax benefit is not likely to be used.

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

2.10 Summary of significant accounting policies *(continued)*

Income taxes *(continued)*

Transfer pricing arrangements

In Turkey, the transfer pricing provisions of the Corporate Tax Law "disguised profit distribution via transfer pricing" is stated in Article 13 entitled. The communiqué of 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the application.

Tax risk

By determining the amount of current and deferred tax, the Company consider the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Additional information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Transfer pricing regulations

Transfer pricing is disclosed in the 12th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published. Veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

For debt used in the business to be considered as hidden equity:
- It must be obtained directly or indirectly from a shareholder or a person related to a shareholder.
- It must be used in the business,
- At any time during the financial year, it must exceed three times the equity of the institution.

Subsequent Events after the Reporting Date

Between the reporting date and the authorization date for the issuance of financial statements, events that occur in favor of or against the entity are indicated. Subsequent events are divided into two categories:
- New evidence regarding the existence of events as of the reporting date; and
- Evidence indicating that the relevant events occurred after the reporting date (events that do not require adjustment after the reporting date).

In the event of new evidence indicating the existence of events as of the reporting date or events emerging after the reporting date, and if these events necessitate the correction of financial statements, the Company adjusts its financial statements accordingly. If these events do not require the correction of financial statements, the Company discloses them in the relevant footnotes.

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

2.10 Summary of significant accounting policies *(continued)*

Employee benefits

Termination and retirement benefits

Under the Turkish Labour Law, the Company is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated March 6, 1981 and No: 4447 dated August 25, 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of May 23, 2002. Provisions related to pre-retirement terms of service were excluded from the Law by amending the relevant law on May 23, 2002. As of March 31 2024, ceiling is amounting to TL 35,058.58 (December 31, 2023: TL 23,489.83).

The severance pay liability is not legally subject to any funding. The provision for severance pay is calculated by estimating the present value of the Company's future probable obligation arising from the retirement of employees. IAS 19 ("Employee Benefits") envisages the development of the Company's obligations using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows.

The Company has considered the ceiling amount of 35,058.58 TL, which became effective from January 1, 2024, in the calculation of the severance pay provision (January 1, 2023: 19,982.83 TL).

Actuarial losses or gains are recognized under other comprehensive income and expense.

Provision for unused vacation rights

The Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation rights over the prevailing wage at the date the contract is terminated. Accordingly, the Company recognizes a provision for unused vacation days as a short term employee benefits. Provision for unused vacation days is measured on an undiscounted basis and are expensed as the related service is provided.

The provision for leave is a short-term employee benefit obligation provided to employees and is measured without discounting, and it is recognized as an expense in profit or loss as the related service is rendered.

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

2.10 Summary of significant accounting policies *(continued)*

Statement of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Company's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (tangible and intangible assets and financial assets).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.11 Significant accounting judgments estimates and assumptions

Significant accounting judgments estimates and assumptions

In the preparation of financial statements, the Company management requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities and the amounts of income and expenses reported during the accounting period. Actual results may differ from estimates.

The important estimates and assumptions used by the Company in preparing its financial statements are expressed under the footnotes as follows:

Footnote 4 – Trade receivables

Footnotes 8-9 – Tangible and intangible assets

Footnote 10 – Right of use assets

Footnote 11 – Provisions

Footnote 13 – Provisions for employee benefits

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 March 31, 2024 and December 31, 2023, trade receivables from related parties are as follows:

	March 31, 2024	**December 31, 2023**
Aydem Elektrik Perakende Satış A.Ş. ("Aydem EPSAŞ")(1) (*)	518,389,454	755,442,480
Yatağan Termik Enerji Üretim A.Ş. ("Yatağan")(1)	911,312	-
	519,300,766	**755,442,480**

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

Under the authority granted by the Electricity Market Law, EPDK (Energy Market Regulatory Authority) issued the "Principles and Procedures Regarding the Determination and Implementation of the Support Price Based on Source" ("Principles and Procedures") decision numbered 10866 dated March 17, 2022. Changes were made to the "Principles and Procedures" with the Decision numbered 10887 dated March 29, 2022. According to this, it is stipulated that fixed-price and approved bilateral agreements entered into the market management system, which is a system where all contracts in the market are entered, before March 8, 2022, for February 1 and beyond, may be exempted if they are submitted to EPİAŞ (Energy Stock Exchange Market) with the information and documents specified in the Principles and Procedures. According to the regulation, bilateral agreements included in the exemption scope will not be subject to the support price debt amount application. Following the timely submission of the exemption application by the Company in accordance with the Principles and Procedures, and after the necessary information and documents were examined by EPİAŞ, the Company was officially notified of the acceptance of its exemption application through a formal letter. The Company has continued to conduct bilateral agreement transactions related to this exemption in accordance with the relevant Principles and Procedures in the ongoing process.

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 March 31, 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 the EMRA Board Decision No. 11574-13 dated January 12, 2023, the Company made an EPİAŞ refund which is amounting to TL 54,696,474 as of March 31, 2024, and reflected 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 EPİAŞ on January 17, 2023, the total principal payment which is amounting to 118,207,100 TL (not expressed as of March 31, 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 March 31, 2024 and December 31, 2023, other short-term receivables from related parties are as follows:

	March 31, 2024	**December 31, 2023**
Aydem EPSAŞ(1)	22,501,517	-
	22,501,517	**-**

As of March 31, 2024, short-term other receivables from related parties include the additional losses reflected by the Company's offsetting with EÜAŞ and TEİAŞ settlements, as well as other receivables from Group companies, and statutory interest. The interest rates used in the calculation of statutory interest are the alternative borrowing interest rates of the Company at the same date.

3 Related party disclosures *(continued)*

3.1 Related party balances *(continued)*

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

	March 31, 2024	**December 31, 2023**
Aydem Holding(2)	5,063,484	32,832,222
Yatağan(1)	1,052	234,123
Entek Elektrik İnşaat A.Ş.("Entek")(3)	1,022,300	946,785
Other related parties	117,927	59,011
	6,204,763	**34,072,141**

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

	March 31, 2024	**December 31, 2023**
Aydem Holding(2)(*) (**)	1,622,911	272,539,606
Gdz Enerji Yatırımları A.Ş. ("Gdz Enerji")(1)(*)	549,640	339,568
	2,172,551	**272,879,174**

(*) As of December 31, 2023, the debt represents the service fee related to the success bonus reflected through the measurement/calculation of the benefit arising from the Company's ability to repay its loans converted from US Dollars to Turkish Lira after the public offering of the Company's shares in 2023, in line with market benchmarks by Aydem Holding A.Ş. The entire amount was deducted from the premiums related to the shares and accounted for in equity. Details of premiums related to shares are explained in Footnote 15.

(**) These are the debts borrowed by the Company for financing purposes. The Company calculates statutory interest on these debts. The interest rates used in the calculation of statutory interest are the alternative borrowing interest rates of the Company at the same date. The average statutory interest rate used for 2024 is 25.89%.(1 January – 31 December 2023: %24.09)

3 Related party disclosures *(continued)*

3.2 Related party transactions *(continued)*

Key management compensation

For the periods ended March 31, 2024 and March 31, 2023, the details of key management compensation are as follows:

	January 1, March 31, 2024	**January 1, March 31, 2023**
Key management compensation	11,119,303	3,755,180
	11,119,303	**3,755,180**

For the periods ended March 31, 2024 and March 31, 2023, income and expense transactions with related parties are as follows:

Sales of goods and services	**January 1, March 31, 2024**	**January 1, March 31, 2023**
Aydem EPSAŞ (1) (*)	4,157,530	1,545,813,133
	4,157,530	**1,545,813,429**

(*) The company made sales to Aydem EPSAŞ in the first three months of 2023 and to the market in the first quarter of 2024.

3 Related party disclosures *(continued)*

3.2 Related party transactions *(continued)*

Financial income	**January 1, March 31, 2024**	**January 1, March 31, 2023**
Aydem EPSAŞ(1)	22,851,802	307,757
ADM EDAŞ	-	1,405,137
GDZ EDAŞ(1)	-	241,846
Gediz EPSAŞ(1)	-	26,254
	22,851,802	**1,980,994**

Other income	**January 1, March 31, 2024**	**January 1, March 31, 2023**
Aydem EPSAŞ (1) (*)	31,739,332	6,073,706
	31,739,332	**6,073,706**

(*) The relevant transaction includes net exchange rate gain revenues related to commercial activities conducted during the period and delay penalty revenues related to commercial transactions.

Purchases of goods and services	**January 1, March 31, 2024**	**January 1, March 31, 2023**
Aydem Holding(2)	266,180,798	26,049,098
Aydem EPSAŞ(1)	25,357,698	68,887,727
Yatağan(1)	10,358,209	7,395,089
Entek (3)	2,829,606	6,932,026
Gdz Enerji(1)	2,715,618	1,500,284
Other	112,858	51,460
	307,554,787	**110,815,684**

3 Related party disclosures *(continued)*

3.2 Related party transactions *(continued)*

Financial expenses	**January 1, March 31, 2024**	**January 1, March 31, 2023**
Aydem Holding(2) (*)	-	1,137,320
	-	**1,137,320**

(*) The relevant transactions include interest expenses.

Other transactions	**January 1, March 31, 2024**	**January 1, March 31, 2023**
Aydem Holding(2) (*)	-	5,284,222
Other	73,284	19,439
	73,284	**5,303,661**

(*) For the period ended March 31, 2023, the transaction includes donations and aid which is amounting to TL 5,284,222 made through Aydem Holding for disaster areas following the earthquakes that occurred in Kahramanmaraş on February 6, 2023.

4 Trade receivables and payables

Short-term trade receivables

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

	March 31, 2024	**December 31, 2023**
Trade receivables from related parties (Note 3)	519,300,766	755,442,480
Trade receivables from third parties	49,743,238	94,390,721
	569,044,004	**849,833,201**
Provision for doubtful trade receivables	(2,412,378)	(2,775,770)
	566,631,626	**847,057,431**

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

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

	March 31, 2024	**December 31, 2023**
Receivables arising from the sale of energy	519,300,766	755,442,480
	519,300,766	**755,442,480**

4 Trade receivables and payables *(continued)*

Short- term trade receivables *(continued)*

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

	March 31, 2024	December 31, 2023
Receivables arising from the sale of energy	41,901,373	88,554,193
Doubtful trade receivables	2,412,378	2,775,770
Provision for doubtful trade receivables (-)	(2,412,378)	(2,775,770)
Other trade receivables	2,660,057	3,060,758
	47,330,860	**91,614,951**

As of March 31, 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 2,775,770).

As of March 31, 2024, The Company has overdue trade receivables and that receivables have not been impaired. The aging of trade receivables is as follows:

	March 31, 2024	December 31, 2023
Not overdue	188,195,140	345,937,903
1-30 days past due	2,352,255	2,213,325
1-3 months past due	41,478,718	497,379,664
3-12 months past due	334,605,513	1,526,539
	566,631,626	**847,057,431**

The liquidity and exchange rate risk that the Company is exposed in relation with trade receivables are explained under Footnote 17.

4 Trade receivables and payables *(continued)*

Short- term trade payables

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

	March 31, 2024	December 31, 2023
Trade payables to the related parties (Note 3)	6,204,763	34,072,141
Trade payables to the third parties	296,291,419	449,233,833
	302,496,182	**483,305,974**

As of March 31, 2024, the amount of short-term trade payables to third parties, totaling TL 144,646,640, consists of support payment liabilities to be paid to EPİAŞ. Details are disclosed in Note 3.

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

	March 31, 2024	December 31, 2023
Trade payables	300,568,900	455,461,627
Deferred financing income from forward purchases (-)	(4,277,481)	(6,227,794)
	296,291,419	**449,233,833**

The liquidity and exchange rate risk that the Company is exposed in relation with trade payables are explained under Footnote 17.

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

5 Other receivables and payables

Other short term receivables

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

	March 31, 2024	December 31, 2023
Other receivables from related parties (Note 3)	22,501,517	-
Other receivables from third parties	3,168,325	3,620,751
	25,669,842	**3,620,751**

As of March 31, 2024 and December 31, 2023, the breakdown of other receivables are as follows:

	March 31, 2024	December 31, 2023
Receivables from the tax office	3,167,756	3,353,415
Other	569	267,336
	3,168,325	**3,620,751**

As of March 31, 2024 and December 31, 2023, the details of other long – term receivables are as follows:

	March 31, 2024	December 31, 2023
Deposits and guarantees given	3,258,681	1,900,674
	3,258,681	**1,900,674**

Other short-term payables

As of March 31, 2024, and December 31, 2023, the short-term other liabilities of the Company are as follows:

	March 31, 2024	December 31, 2023
Other payables to the related parties (Note 3)	2,172,551	272,879,174
Other payables to the third parties (*)	2,052,854	2,118,434
	4,225,405	**274,997,608**

(*) As of March 31, 2024 and December 31, 2023, the other payables to third parties comprises deposits and guarantees received from third parties.

The liquidity and exchange rate risk that the Company is exposed in relation with other receivables and liabilities are explained under Footnote 17.

6 Inventories

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

	March 31, 2024	December 31, 2023
Raw materials and supplies (*)	305,128,699	135,351,892
Other inventories (**)	143,384,830	129,518,828
	448,513,529	**264,870,720**

(*) 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 March 31, 2024, there is not any inventory as collateral for liabilities (December 31, 2023: None).

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

7 Prepaid expenses and deferred income

Short-term prepaid expenses

As of March 31, 2024 and December 31, 2023, the details of short-term prepaid expenses are as follows:

	March 31, 2024	December 31, 2023
Advances given	283,495	249,302
Prepaid expenses (*)	23,845,081	36,113,701
Business advances	126,835	34,694
	24,255,411	**36,397,697**

(*) Order advances given as of March 31, 2024 include insurance contracts.

Long-term prepaid expenses

As of March 31, 2024 and December 31, 2023, the details of long-term prepaid expenses are as follows:

	March 31, 2024	December 31, 2023
Advances given	1,679,665	3,865,133
Prepaid expenses	815,654	815,655
	2,495,319	**4,680,788**

8 Property, plant and equipment

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

	March 31, 2024	December 31, 2023
Mining assets (*)	275,489,925	279,805,451
Other tangible assets	9,412,082,025	9,574,219,902
	9,687,571,950	**9,854,025,353**

(*) The company acquired the mining licenses and operating rights for the Çankırı Orta and Zonguldak Bağlık-İnağzı coal fields on December 19, 2022, and November 28, 2022, respectively, which is amounting to TL 53,308,145 (amount not expressed in terms of purchasing power as of March 31, 2024: TL 28,117,046) for the Çankırı Orta field and TL 89,824,602 (amount not expressed in terms of purchasing power as of March 31, 2024: TL 46,823,646) for the Zonguldak Bağlık-İnağzı coal mine. The payments for the acquisition of these coal fields were made in 2023. As of March 31, 2024, production had not yet started at the Zonguldak Bağlık-İnağzı field. In 2023, a drying, screening, and crushing stock facility amounting to TL 148,574,064 was established at the Çankırı-Orta field.

The movements of mining assets for the periods ended March 31, 2024 and March 31, 2023, are as follows:

Cost	**January 1, 2024**	**Additions**	**Disposals**	**March 31, 2024**
Mining asset	306,837,760	183,640	-	307,021,400
Mining rights	*143,132,748*	-	-	*143,132,748*
Machinery, plant and equipment	*158,959,870*	-	-	*158,959,870*
Other tangible assets	*4,745,142*	*183,640*	-	*4,928,782*
Deferred mining cost (*)	12,674,543	922,034	-	13,596,577
	319,512,303	**1,105,674**	**-**	**320,617,977**

Accumulated depreciation	**January 1, 2024**	**Additions**	**Disposals**	**March 31, 2024**
Mining asset	(39,706,852)	(5,421,200)	-	(45,128,052)
Mining rights	*(18,522,332)*	(2,516,274)	-	*(21,038,606)*
Machinery, plant and equipment	*(20,570,467)*	(2,794,514)	-	*(23,364,981)*
Other tangible assets	*(614,053)*	*(110,412)*	-	*(724,465)*
	(39,706,852)	**(5,421,200)**	**-**	**(45,128,052)**
Net book value	**279,805,451**			**275,489,925**

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

8 Property, plant and equipment *(continued)*

Cost	January 1, 2023	Additions	Disposals	March 31, 2023
Mining asset	143,180,148	151,817,220	-	294,997,368
Mining rights	*143,132,746*	-	-	*143,132,746*
Machinery, plant and equipment	-	*148,574,064*	-	*148,574,064*
Other tangible assets	*47,402*	*3,243,156*	-	*3,290,558*
	143,180,148	**151,817,220**	**-**	**294,997,368**

Accumulated depreciation	January 1, 2023	Additions	Disposals	March 31, 2023
Mining asset	-	(10,864,892)	-	(10,864,892)
Mining rights	-	*(10,730,846)*	-	*(10,730,846)*
Machinery, plant and equipment	-	-	-	-
Other tangible assets	-	*(134,046)*	-	*(134,046)*
	-	**(10,864,892)**	**-**	**(10,864,892)**
Net book value	**143,180,148**			**284,132,476**

8 Property, plant and equipment *(continued)*

The movements of other tangible assets for the periods ended March 31, 2024 and March 31, 2023, are as follows:

	Power plant	Construction in progress	Other	Total
Cost				
January 1, 2023	19,951,196,576	64,470,104	82,176,449	20,097,843,129
Additons	36,225,097	13,217,797	2,619,734	52,062,628
March 31, 2023	**19,987,421,673**	**77,687,901**	**84,796,183**	**20,149,905,757**
January 1, 2024	17,563,576,118	108,490,212	85,642,453	17,757,708,783
Additons	10,149,197	-	781,589	10,930,786
Transfers	108,077,297	(108,077,297)	-	-
March 31, 2024	**17,681,802,612**	**412,915**	**86,424,042**	**17,768,639,569**
Accumulated depreciation				
January 1, 2023	(8,336,657,657)	-	(53,712,485)	(8,390,370,142)
Additions	(193,895,597)	-	(1,679,496)	(195,575,093)
March 31, 2023	**(8,530,553,254)**	**-**	**(55,391,981)**	**- (8,585,945,235)**
January 1, 2024	(8,123,958,351)	-	(59,530,530)	(8,183,488,881)
Additions	(171,685,286)	-	(1,383,377)	(173,068,663)
March 31, 2024	**(8,295,643,637)**	**-**	**(60,913,907)**	**- (8,356,557,544)**
Net book value as of March 31, 2023	**11,456,868,419**	**77,687,901**	**29,404,202**	**11,563,960,522**
Net book value as of March 31, 2024	**9,386,158,975**	**412,915**	**25,510,135**	**9,412,082,025**

As of March 31, 2024, the Company's insurance coverage amount for fixed assets is 550,000,000 US Dollars (December 31, 2023: 550,000,000 US Dollars). The Company currently has mortgages and commercial enterprise/movable pledges provided for loans extended by Yapı ve Kredi Bankası A.Ş. Denizli Commercial Branch and Halk Bankası A.Ş. Denizli Commercial Branch consortium ("Lenders"). As of March 31, 2024, the Company has pledges and mortgages in favor of the Lenders amounting to TL 20,433,733,551 and USD 544,716,185 on its tangible fixed assets (December 31, 2023: TL 20,433,733,551 and USD 544,716,185).

8 Property, plant and equipment *(continued)*

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 March 31, 2024 is 14 years and 3 months.

The Company has adopted the revaluation model in accordance with IAS 16 for power plant assets reported under property, plant, and equipment since January 1, 2021. This revaluation obtained from an independent valuation company was classified as "Level 3" fair value measurement due to significant unobservable inputs used in the valuation. Additionally, these power plant assets have been carried forward with accumulated depreciation deducted until December 31, 2023, December 31, 2022 and December 31, 2021, based on their fair values measured after January 1, 2021. The company has accounted for its power plant assets at their remeasured fair values 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.

8 Property, plant and equipment *(continued)*

Power plant	Valuation Method	Weighted Average Cost of Capital	January 1 - December 31, 2023 Production Volume (MWh/Year)	Generation amount after the reporting period (MWh/Year)
Çates Termik	Discounted cash flow	%13.1	2,033,391	30,266,575

Power plant	Valuation Method	Weighted Average Cost of Capital	January 1 - December 31, 2022 Production Volume (MWh/Year)	Generation amount after the reporting period (MWh/Year)
Çates Termik	Discounted cash flow	%12	1,900,151	33,089,616

9 Intangible assets

The movements of intangible assets for the periods ended March 31, 2024 and March 31, 2023, are as follows:

	Rights	Total
Cost		
January 1, 2023	479,682,741	479,682,741
Additions	748,008	748,008
March 31, 2023	**480,430,749**	**480,430,749**
January 1, 2024	480,538,773	480,538,773
Additions	235,131	235,131
March 31, 2024	**480,773,904**	**480,773,904**
Accumulated depreciation		
January 1, 2023	(82,829,083)	(82,829,083)
Additions	(3,437,212)	(3,437,212)
March 31, 2023	**(86,266,295)**	**(86,266,295)**
January 1, 2024	(94,304,527)	(94,304,527)
Additions	(2,640,259)	(2,640,259)
March 31, 2024	**(96,944,786)**	**(96,944,786)**
Net book value as of March 31, 2023	**394,164,454**	**394,164,454**
Net book value as of March 31, 2024	**383,829,118**	**383,829,118**

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.

10 Right of use assets

The movements of right-of-use assets for the periods ended March 31, 2024 and March 31, 2023 are as follows:

	Land	**Vehicles**	**Total**
Cost			
January 1, 2023	83,854,880	6,025,287	89,880,167
Additions	73,775	2,302,598	2,376,373
March 31, 2023	**83,928,655**	**8,327,885**	**92,256,540**
January 1, 2024	113,149,218	7,400,399	120,549,617
Additions	36,633	58,237	94,870
Disposals	-	(477,556)	(477,556)
March 31, 2024	**113,185,851**	**6,981,080**	**120,166,931**
Accumulated depreciation			
January 1, 2023	(5,491,811)	(1,977,024)	(7,468,835)
Additions	(283,307)	(533,970)	(817,277)
March 31, 2023	**(5,775,118)**	**(2,510,994)**	**(8,286,112)**
January 1, 2024	(7,713,998)	(3,225,558)	(10,939,556)
Additions	(135,861)	(245,242)	(381,103)
Disposals	-	437,760	437,760
March 31, 2024	**(7,849,859)**	**(3,033,040)**	**(10,882,899)**
Net book value as of March 31, 2023	**78,153,537**	**5,816,891**	**83,970,428**
Net book value as of March 31, 2024	**105,335,992**	**3,948,040**	**109,284,032**

11 Provisions

As of March 31, 2024 and December 31, 2023, the details of short-term provions are as follows:

	March 31, 2024	December 31, 2023
Provision for lawsuit (*)	10,509,561	16,259,242
Short-term provision for employee termination benefits (Note 13)	9,690,769	5,341,406
	20,200,330	**21,600,648**

(*) The provision for litigation is for possible cash outflows related to lawsuits. The provision has been calculated as a result of the evaluation of the cases with a high probability of being concluded against the Company by the Company's management.

The movement of provision for lawsuit for the periods ended March 31, 2024 and March 31, 2023, are as follows:

Provision for lawsuit movement	January 1, March 31, 2024	January 1, March 31, 2023
Opening balance	16,259,242	20,299,230
Provision (cancelled) during period	(3,836,951)	5,205,089
Monetary gain	(1,912,730)	(2,484,911)
Closing balance	**10,509,561**	**23,019,408**

12 Commitments and contingencies

Collaterals-Pledges-Mortgages

As of March 31, 2024 and December 31, 2023, the original balances of the collaterals/pledge/mortgage ("CPM") are as follows:

	March 31, 2024			March 31, 2023		
		Original currency			Original currency	
	TRY Equivalent	TL	USD	TRY Equivalent	TL	USD
A. Total amounts of CPM given on behalf of its own legal entity (*)	418,409,778,639	296,172,697,948	3,779,328,235	407,626,894,364	296,169,591,596	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	**418,409,778,639**	**296,172,697,948**	**3,779,328,235**	**407,626,894,364**	**296,169,591,596**	**3,779,328,235**

(*) Guarantees given by the Company on behalf of its own legal entity comprises collaterals, mortgage, EPİAŞ 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. ("EPİAŞ"), Republic of Turkey State Railways ("TCDD") and Çatalağzı Municipality.

12 Commitments and contingencies *(continued)*

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

	March 31, 2024			December 31, 2023		
GPM	**Total TL Equivalent**	**TL**	**USD**	**Total TL Equivalent**		**USD**
Mortgage	192,464,749,311	110,162,835,043	2,544,612,049	185,206,752,364	110,162,835,043	2,544,612,049
Pledge	91,078,407,913	51,143,241,503	1,234,716,185	87,556,626,938	51,143,241,503	1,234,716,185
Transfer of EPİAŞ Receivables	102,064,211,430	102,064,211,430	-	102,064,211,430	102,064,211,430	-
Commercial Pledge	32,568,538,245	32,568,538,245	-	32,568,538,245	32,568,538,245	-
Letter of Guarantee given	233,871,726	233,871,726	-	230,764,836	230,764,836	-
Total CPM	**418,409,778,625**	**296,172,697,947**	**3,779,328,234**	**407,626,893,813**	**296,169,591,058**	**3,779,328,234**

Collaterals-Pledges-Mortgages

As of March 31, 2024, the Company has a letter of guarantee from payables which is amounting to TL 1,306,454,668 (December 31, 2023: TL 1,194,087,564). As of March 31, 2024, the Company has a letter of guarantee which is amounting to US Dollars 40.000.000 received from Aydem EPSAŞ (December 31, 2023: 40.00.000 US Dollars).

13 Employee benefits

Short-term liabilities for employee benefits

As of March 31, 2024 and December 31, 2023, the short-term liabilities for employee benefits are as follows:

	March 31, 2024	**December 31, 2023**
Social security premiums payable	14,325,668	13,962,013
Taxes on personnel	3,511,822	4,746,165
Due to personnel	12,394,286	7,122,911
	30,231,776	**25,831,089**

13 Employee benefits *(continued)*

Provisions for employee benefits

Short term provisions

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

	March 31, 2024	December 31, 2023
Provision for unused vacation	9,690,769	5,341,406
	9,690,769	**5,341,406**

Long term provisions

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

	March 31, 2024	December 31, 2023
Allowance for retirement pay	41,063,977	23,892,828
	41,063,977	**23,892,828**

14 Other assets and liabilities

Current assets

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

	March 31, 2024	December 31, 2023
Deferred VAT	9,091,517	-
Other	6,616	24,244
	9,098,133	**24,244**

Current liabilities

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

	March 31, 2024	December 31, 2023
Taxes and funds payables	3,791,108	23,714,850
Other	684,722	729,449
	4,475,830	**24,444,299**

15 Share capital, reserves and other equity

Paid- in capital

As of March 31, 2024, the paid-in capital of the Company was divided into 165,200,000 shares with a nominal value of TL 1 each (December 31, 2023: 165,200,000 shares).

The Company's capital structure as of March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
Shareholders	**Share rate**	**Share amount**	**Share rate**	**Share amount**
Parla Enerji Yatırım A.Ş.(*)	80	132,150,000	100	165,200,000
Publicly Traded	20	33,050,000	-	-
Total paid-in capital	**100**	**165,200,000**	**100**	**165,200,000**
Adjustment to share capital (**)		459,327,063		459,327,063
Total capital		**624,527,063**		**624,527,063**

(*) On June 24, 2022, a capital advance amounting to TL 71,188,452 TL was sent by Aydem Holding A.Ş., a shareholder of Çates Elektrik Üretim A.Ş. The addition of this amount to the capital was registered on June 28, 2022, in accordance with the Turkish Commercial Code, and the capital increase transaction was announced in the Trade Registry Gazette with number 10609 dated June 29, 2022. On December 1, 2022, Parla Enerji Yatırımları A.Ş. ("Parla EYAŞ") was established as a wholly-owned subsidiary of Aydem Holding. On December 29, 2022, the shares of the Company were transferred from Aydem Holding to Parla EYAŞ. On January 27, 2023, Parla EYAŞ sent a capital advance amounting to TL 84,921,080, and the addition of this amount to the capital was certified on January 31, 2023. The obtained amount of TL 24,795,000 TL was used in the capital increase. As of March 31, 2024, the paid-in capital of the Company is amounting to TL 624.527.063, and 80% of the Company's shares belong to Parla Enerji Yatırımları A.Ş.

(**) Capital correction differentials represent the difference between the total amounts corrected for inflation accounting of cash and cash equivalents additions to equity and their amounts before correction. There is no use of capital correction differentials other than adding them to equity.

Defined benefit plans re-measurement losses

With the amendment in the IAS 19 "Employee Benefits" standard, actuarial gains and losses arising from changes in actuarial assumptions in the calculation of severance pay provisions are not allowed to be recognized in the income statement. Instead, these gains and losses resulting from changes in actuarial assumptions are recognized within equity under the "Remeasurements of Defined Benefit Obligations" account.

Dividend distribution

Companies distribute their profits in accordance with the dividend distribution policy determined by the General Assembly and the General Assembly resolution and the relevant legislation. According to the Turkish Commercial Code, legal reserves can be distributed as dividends after reaching 50% of the paid-in capital of the Companies. Companies pay dividends according to their articles of association or dividend distribution policies. Additionally, dividends can be paid in installments of equal or different amounts, and cash dividend advances can be distributed on profits.

15 Share capital, reserves and other equity *(continued)*

Premiums related to shares

As of December 31, 2023, TL 1,601,960,926 total public offering price as stated in Note 3, the success premium of TL 272,539,606 related to Aydem Holding, the underwriting commission of TL 55,640,504, and the expenses for advertising, legal consultancy, membership, and similar expenses related to the public offering, amounting to TL 20,870,678, have been deducted. Additionally, the deferred tax impact amounting to TL 71,085,406 related to share-based premiums has been recognized and accounted.

Increase due to other changes

According to Article 6/3-a of Law No. 7326 on the Restructuring of Certain Receivables and Amendments to Some Laws, as of December 31, 2020, the Company's debts to shareholders arising from transactions outside its main business activities (due to lending and similar reasons) amounting to a nominal value of TL 279,880,520 have been written off and recognized as income (expressed in terms of purchasing power as of March 31, 2024: TL 1,483,851,190). The management, in accordance with IFRS, assessed that similar transactions with shareholders should be accounted for in equity rather than in the income statement. Therefore, they adjusted the equity change statement for the year ending December 31, 2021, treating the contributions from shareholders as additional contributions and presented it in the financial statements.

According to the Tax Procedure Law and the relevant Communique published in the Official Gazette dated December 30, 2023, and numbered 32415 (2nd Repeat), the balance sheet dated March 31, 2024, prepared in accordance with the Tax Procedure Law, was corrected using the Producer Price Index (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting. The attached financial statements, on the other hand, were adjusted for inflation using the Consumer Price Index (CPI) published by the Turkish Statistical Institute in accordance with IAS 29, and ultimately, the amounts for the current and previous reporting periods were expressed in terms of purchasing power as of March 31, 2024. Due to the use of different indices in the inflation accounting application under the Tax Procedure Law and IAS 29, differences have arisen between the amounts in the balance sheet prepared according to the Tax Procedure Law under the "Capital Correction Differences" item and the amounts in the financial statements prepared in accordance with TAS/TFRS. These differences have been reflected in the "Retained Earnings" item in the TAS/TFRS financial statements, and details of these differences are provided below:

	March 31, 2024
	Capital Adjustment Differences
According to the TAS/TFRS Financial Statements	459,327,063
According to the Turkish Tax Procedure Law	596,004,964
Difference	136,677,901

16 Borrowings

Financial borrowings

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

	March 31, 2024	December 31, 2023
Short term portion of long-term bank loans	1,255,116,671	1,402,361,737
Short-term bank loans	**1,255,116,671**	**1,402,361,737**
Long-term bank loans	-	-
Long-term bank loans	-	-
Total bank loans	**1,255,116,671**	**1,402,361,737**

As of March 31, 2024 and December 31, 2023, the repayments of loan agreements according to their original terms are as follows:

	March 31, 2024	December 31, 2023
Due within one year	1,255,116,671	1,402,361,737
One to two years	-	-
Two to three years	-	-
Three to four years	-	-
Four to five years	-	-
Over five years	-	-
	1,255,116,671	**1,402,361,737**

On December 26, 2023, the Company repaid a total of TL 1,299,723,679 of debts owed by Çates Elektrik Üretim A.Ş., which constituted the existing loan liabilities under the Credit Agreement dated June 21, 2019, using the proceeds from the public offering. Additionally, the Company also repaid a total of USD 5,468,805 of foreign currency debt from its internal sources.

16 Borrowings *(continued)*

Financial borrowings *(continued)*

As of March 31, 2024 and December 31, 2023, the financial borrowings are as follows:

			March 31, 2024	
Currency	**Average interest rate (%)**	**Original Amount**	**Short term**	**Long term**
TL	12	1,218,770,708	1,218,770,708	-
			1,218,770,708	**-**

			December 31, 2023	
Currency	**Average interest rate (%)**	**Original Amount**	**Short term**	**Long term**
TL	12	3,648,033,944	-	3,648,033,944
USD	6	8,633,075	9,928,007	151,786,746
			9,928,007	**3,799,820,690**

The liquidity and exchange rate risk that the Company is exposed in relation with financial borrowings are explained under Footnote 17.

The table of movement of financial borrowings is as follows:

	January 1 - March 31, 2024	**January 1 - March 31, 2023**
Opening balance	**1,402,361,737**	**4,383,634,891**
Interest accrued in the period	38,550,133	118,891,668
Exchange rate difference change	-	3,809,186
Monetary gain/(loss)	(185,795,199)	(493,707,831)
		-
Closing balance	**1,255,116,671**	**4,012,627,914**

16 Borrowings *(continued)*

Financial borrowings *(continued)*

Lease liabilities

As of March 31, 2024 and December 31, 2023, the details of the lease liabilities are as follows:

	March 31, 2024	December 31, 2023
Short term lease payables	7,802,643	8,978,004
Short term lease payables	**7,802,643**	**8,978,004**
Long term lease payables	44,851,139	48,738,642
Long term lease payables	**44,851,139**	**48,738,642**
Total lease payables	**52,653,782**	**57,716,646**

The details of lease liabilities are as follows:

			March 31, 2024	
Currency	**Average interest rate (%)**	**Original amount**	**Short term**	**Long term**
TL	14.82 - 24.85	52,653,782	7,802,643	44,851,139
			7,802,643	**44,851,139**

			December 31, 2023	
Currency	**Average interest rate (%)**	**Original amount**	**Short term**	**Long term**
TL	13.47 - 24.85	16,589,458	2,779,608	13,809,850
			2,779,608	**13,809,850**

17 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.

17.1 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 March 31, 2024 and December 31, 2023 are as follows:

	31 March 2024	**31 December 2023**
Total financial liabilities (Note 16)	1,307,770,453	1,460,078,383
Cash and cash equivalents (Note 19)	(839,647,764)	(1,316,129,051)
Net debt	468,122,689	143,949,332
Equity	9,377,048,447	9,300,539,156
Net Debt/ equity ratio	**0.05**	**0.02**

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

17.2 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.

17.2.1 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 indicates the maximum credit risk exposure.

As of March 31, 2024, the exposure of financial assets to credit risk is as follows:

	Receivables				
	Trade Receivables		Other Receivables		
March 31, 2024	**Related party**	**Other party**	**Related party**	**Other party**	**Time Deposits**
Maximum exposed credit risk as of reporting date (A+B+C+D+E)	656,543,274	79,621,125	64,927,052	3,843,480	839,647,764
- Secured portion of the maximum credit risk by guarantees, etc.	1,291,416,000	-	-	-	-
A. Net book value of financial asset neither are not due or nor impaired	223,951,340	76,697,894	64,927,052	3,843,480	839,647,764
B. Net book value of financial assets that are past due but not impaired	432,591,934	2,923,231	-	-	-
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:

	Receivables				
	Trade Receivables		Other Receivables		
December 31, 2023	**Related party**	**Other party**	**Related party**	**Other party**	**Time Deposits**
Maximum exposed credit risk as of reporting date (A+B+C+D+E)	64,348	75,414,507	-	5,521,425	1,316,129,051
- Secured portion of the maximum credit risk by guarantees, etc.	1,177,528,000	-	-	-	-
A. Net book value of financial asset neither are not due or nor impaired	64,348	71,598,309	-	5,521,425	1,316,129,051
B. Net book value of financial assets that are past due but not impaired	-	3,816,198	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	2,775,770	--	-	--
- Impairment (-)	-	(2,775,770)	--	-	--
- 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	-	-	-	-	-

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

17.2 Financial risk factors *(continued)*

17.2.2 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:

March 31, 2024	Book value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	1,307,770,453	1,614,982,659	1,297,847,279	-	317,135,380	-
Trade payables to related parties	6,204,763	6,204,763	6,204,763	-	-	-
Trade payables to third parties	296,291,419	443,853,036	355,253,871	88,599,165	-	-
Other payables to related parties	2,172,551	2,172,551	-	2,172,551	-	-
Other trade payables to third parties	2,052,854	2,052,854	2,052,854	-	-	-
Total	**1,614,492,040**	**2,069,265,863**	**1,661,358,767**	**90,771,716**	**317,135,380**	**-**

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	1,460,078,383	1,614,982,659	8,978,004	1,290,044,636	315,960,019	-
Trade payables to related parties	34,072,141	34,072,141	34,072,141	-	-	-
Trade payables to third parties	449,233,833	622,191,811	455,461,627	166,730,184	-	-
Other payables to related parties	272,879,174	272,879,174	-	272,879,174	-	-
Other trade payables to third parties	2,118,434	2,118,434	2,118,434	-	-	-
Total	**2,218,381,965**	**2,546,244,219**	**500,630,206**	**1,729,653,994**	**315,960,019**	**-**

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

17.2 Financial risk factors *(continued)*

17.2.3 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.

17.2.3.1 Foreign exchange risk

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

	March 31, 2024	**TL Equivalent**	**USD**	**EURO**	**GBP**
1.	Trade receivables	344,563,020	10,649,693	3,258	-
2a.	Monetary financial assets (including cash on hand, bank deposits)	184,994,952	6,251,320	19,471	-
2b.	Other non- monetary assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets (1+2+3)**	**529,557,972**	**14,822,516**	**21,429**	**-**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**March 31, 2023**	**-**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**529,557,972**	**14,822,516**	**21,429**	**-**
10.	Trade payables	64,511,363	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)**	**64,511,363**	**152,675**	**134,585**	335
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)**	**64,511,363**	**152,675**	**134,585**	**335**
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)**	**465,046,609**	**14,669,841**	**(113,156)**	**(335)**
21.	**Net foreign currency asset / (liability) position of monetary items (=1+2a+5+6a+10+11+12a+14+15+16a)**	**465,046,609**	**14,669,841**	**(113,156)**	**(335)**

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

17.2 Financial risk factors *(continued)*

17.2.3 Market risk (continued)

17.2.3.1 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	361,506,460	314,179,625	10,649,693	3,258	-
2a.	Monetary financial assets (including cash on hand, bank deposits)	34,179,227	29,704,633	976,821	27,485	-
2b.	Other non- monetary assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	**Current assets (1+2+3)**	**395,685,687**	**343,884,258**	**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)**	**395,685,687**	**343,884,258**	**11,626,514**	**30,743**	**-**
10.	Trade payables	68,550,614	59,576,269	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)**	**68,550,614**	**59,576,269**	**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)**	**68,550,614**	**59,576,269**	**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)**	**327,135,074**	**284,307,989**	**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)**	**327,135,074**	**284,307,989**	**10,597,121**	**(864,382)**	**(210)**

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

17.2 Financial risk factors *(continued)*

17.2.3 Market risk (continued)

17.2.3.1 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**	
March 31, 2024	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	47,447,547	(47,447,547)	-	-
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**47,447,547**	**(47,447,547)**	**-**	**-**
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(394,519)	394,519	-	-
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(394,519)**	**394,519**	**-**	**-**
In case of 10% appreciation / depreciation of other currencies against TL				
7- Other currencies net asset/liability	(1,369)	1,369	-	-
8- Portion protected from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(1,369)**	**1,369**	**-**	**-**
TOTAL (3+6+9)	**47,051,659**	**(47,051,659)**	**-**	**-**

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

17.2 Financial risk factors *(continued)*

17.2.3 Market risk (continued)

17.2.3.1 Foreign exchange risk (continued)

Sensitivity analysis *(continued)*

	Profit / (Loss)		**Equity**	
December 31, 2023	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	31,252,287	(31,252,287)	-	-
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**31,252,287**	**(31,252,287)**	**-**	**-**
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(2,820,702)	2,820,702	-	-
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(2,820,702)**	**2,820,702**	**-**	**-**
In case of 10% appreciation / depreciation of other currencies against TL				
7- Other currencies net asset/liability	(789)	789	-	-
8- Portion protected from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(789)**	**789**	**-**	**-**
TOTAL (3+6+9)	**28,430,797**	**(28,430,797)**	**-**	**-**

17.2.3.2 Interest rate risk

Fixed-rate items	**31 March 2024**	**31 December 2023**
Financial liabilities	1,307,770,453	1,460,078,383
Time deposits	837,512,931	1,311,299,887

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.

18 Financial instruments (fair value disclosures)

Fair Value of Financial Instruments

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

- 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 the inputs used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, that fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest amount of the inputs that is significant to the overall measurement.

The Company recognizes transfers between levels regarding to the fair valuation hierarchy at the end of the reporting period in which the change occurs.

Fair value is the amount of a financial asset that occurs in a sale transaction between two parties willing to buy and sell, except in the case of a forced sale or liquidation, and can be measured most closely by its fair value price.

The Company has assumed that the net book values of financial instruments with remaining maturities that are short or are initially recognized close to the reporting date will be close to the fair values of the respective assets. Additionally, it has been acknowledged that within the financial instruments, the fair value of foreign currency assets and liabilities converted into Turkish Lira at year-end rates approximates the recorded value.

However, since judgment is required to estimate fair value, fair value measurements may not reflect values that could be realized under current market conditions. Therefore, aside from the mentioned assumptions, the Company's management utilizes judgment in reasonable value analysis, relying on data that does not rely on observable market data (non-observable data) regarding financial assets or liabilities. Long-term financial borrowings for comparative reasonable value analysis are classified under Level 3 valuation methodology, as defined in the classification scope.

The Company's power plant assets have been measured at fair values determined by an independent professional valuation firm using other valuation techniques that involve indirect or direct observable inputs as of January 1, 2021, December 31, 2021, June 30, 2022, December 31, 2022, and December 31, 2023 (Level 3).

18 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 intereset 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.

	March 31, 2024		December 31, 2023	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
Financial assets				
Cash and cash equivalents	839,647,764	839,647,764	1,316,129,051	1,316,129,051
Trade receivables from related parties	519,300,766	519,300,766	755,442,480	755,442,480
Trade receivables from third parties	47,330,860	47,330,860	91,614,951	91,614,951
Other receivables from related parties	22,501,517	22,501,517	--	--
Other receivables from third parties	6,427,006	6,427,006	5,521,425	5,521,425
Financial liabilities				
Borrowings	1,307,770,453	1,307,770,453	1,460,078,383	1,460,078,383
Trade payables to related parties	6,204,763	6,204,763	34,072,141	34,072,141
Trade payables to third parties	296,291,419	296,291,419	449,233,833	449,233,833
Other payables to third parties	2,052,854	2,052,854	2,118,434	2,118,434
Net financial assets / (liabilities)	**(177,111,576)**	**(177,111,576)**	**223,205,116**	**223,205,116**

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.

19 Cash and cash equivalents

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

	March 31, 2024	December 31, 2023
Banks	839,647,764	1,316,129,051
- Demand deposits	2,134,833	4,829,164
- Time deposits	837,512,931	1,311,299,887
	839,647,764	**1,316,129,051**

As of March 31, 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 17.

20 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 Company's earnings per share as of March 31, 2024 and March 31, 2023, are as follows:

	January 1 - March 31, 2024	January 1 - March 31, 2023
Net profit attributable to the owners of the Company	92,349,060	510,320,196
Weighted average number of shares certificates	165,200,000	122,083,333
Earnings / (loss) per 100 share	**55.90**	**418.01**
Total comprehensive income attributable to the owners of the Company	80,630,340	523,172,135
Earnings per 100 shares from total comprehensive income	**48.81**	**428.54**

20 Earnings per share *(continued)*

March 31, 2024	**Number of shares**	**Time weighting (days)**
Outstanding ordinary shares as of 1 January 2024	165,200,000	90
Weighted average for the period	**165,200,000**	**90/90**

March 31, 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	60
Weighted average for the period	**122,083,333**	**90/90**

21 Segmental reporting

The Company is managed as a single reporting unit covering electricity sales and ancillary services related to electricity sales. The decision-making authority of the Company is the Board of Directors. Resource allocation decisions are made from a single center based on two units. The purpose of resource allocation decisions is to keep the financial results as profitable as possible. All other assets and liabilities are related to the Company's single reportable department, which is prepared in an integrated manner.

22 Events after the balance sheet date

After the balance sheet date, a collection of 268 million TL related to trade receivables was made from the related company Aydem EPSAŞ.