Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Interim Condensed Consolidated Financial Statements As at and For The Six - Month Period Ended 30 June 2022 Together With Independent Auditor's Review Report

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Contents

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

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Aydem Yenilenebilir Enerji Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Aydem Yenilenebilir Enerji Anonim Şirketi (the Company) and its subsidiaries (the Group) as of June 30,2022 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Onur Ünal, SMMM
Partner

15 August 2022
İstanbul, Türkiye

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position as at 30 June 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Unaudited	Audited
	Notes	30 June 2022	31 December 2021
ASSETS			
Current Assests			
Cash and Cash Equivalents	*3*	1,222,641,050	1,525,592,118
Financial Investments	*18*	329,223,131	2,704,681
Trade Receivables		1,138,557,409	147,835,801
- Due from Related Parties	*5*	*1,040,467,871*	*127,311,860*
- Due from Third Parties	*6*	*98,089,538*	*20,523,941*
Other Receivables		36,894,204	22,946,045
- Due from Related Parties	*5*	*28,850,968*	*15,530,259*
- Due from Third Parties	*7*	*8,043,236*	*7,415,786*
Inventories	*8*	9,160,008	8,556,333
Prepaid Expenses		27,514,164	32,815,063
Current Tax Assets		1,474,331	-
Other Current Assets		187,581	28,417
TOTAL CURRENT ASSETS		**2,765,651,878**	**1,740,478,458**
Non-Current Assets			
Other Receivables		3,152,820	2,740,754
- Other Receivables due from Third Parties	*7*	*3,152,820*	*2,740,754*
Property, Plant and Equipments	*9,1*	20,767,508,699	20,449,461,989
Right of Use Assets	*9,2*	61,423,660	27,802,539
Intangible Assets	*10*	294,980,662	298,995,009
Prepaid Expenses		*343,675*	*952,350*
Other Non-current Assets		10,946,540	10,925,788
TOTAL NON-CURRENT ASSETS		**21,138,356,056**	**20,790,878,429**
TOTAL ASSETS		**23,904,007,934**	**22,531,356,887**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position as at 30 June 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Unaudited	**Audited**
	Notes	**30 June 2022**	**31 December 2021**
LIABILITIES			
Current Liabilities			
Short-term portion of Long-term Financial Liabilities	*13*	*931,907,974*	763,819,958
Lease Liabilities	*13*	*6,353,078*	4,734,769
Trade Payables		288,957,442	68,147,916
- Due to Related Parties	*5*	*5,006,238*	*4,124,009*
- Due to Third Parties	*6*	*283,951,204*	*64,023,907*
Other Payables		844,738	491,732
- Due to Third Parties		*844,738*	*491,732*
Liabilities for Employee Benefits	*12*	*5,597,937*	1,471,629
Deferred Income		*13,413*	672
Current Provisions		21,371,784	20,643,094
- Short-term Provisions for Employee Benefits	*10*	*9,219,250*	*6,506,072*
- Other Short-term Provisions	*10*	*12,152,534*	*14,137,022*
Other Current Liabilities	*17*	*50,364,156*	17,323,433
TOTAL CURRENT LIABILITIES		**1,305,410,522**	**876,633,203**
Non-Current Liabilities			
Financial Liabilities	*13*	*11,322,839,168*	9,292,574,451
Lease Liabilities	*13*	*23,182,433*	25,143,494
Other Payables		41,092,615	37,092,472
- Due to Related Parties	*5*	*41,092,615*	*37,092,472*
Non-current Provisions		20,636,558	11,543,311
- Long-Term Provisions for Employee Benefits	*11,4*	*20,636,558*	*11,543,311*
Deferred Tax Liabilities		*2,340,398,696*	2,485,110,016
TOTAL NON-CURRENT LIABILITIES		**13,748,149,470**	**11,851,463,744**
TOTAL LIABILITIES		**15,053,559,992**	**12,728,096,947**

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

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Unaudited	Audited
	Notes	**30 June 2022**	**31 December 2021**
EQUITY			
Paid-in Capital		*705,000,000*	705,000,000
Share Premium / Discount		*91,418,338*	91,418,338
Treasury Shares (-)		*(44,505,426)*	-
Restricted Reserves		*46,029,292*	1,523,866
Other Comprenhensive Income that will not be reclassified to profit or loss in subsequent periods		12,969,902,533	13,228,664,194
- Gains on Revaluation of Property, Plant and Equipment		*12,971,357,315*	*13,225,881,526*
- Actuarial Gains / (Losses)on Defined Benefit Plans		*(1,454,782)*	*2,782,668*
Other Comprenhensive Income that may be reclassified to loss or profit in subsequent periods		(4,637,325,085)	*(3,000,188,096)*
- Reserve of (Losses) Gains on Cash Flow Hedge		*(4,637,325,085)*	*(3,000,188,096)*
Accumulated Losses		(1,013,139,577)	(1,102,866,722)
Net Income / (Loss) for the Period		733,067,867	(120,291,640)
Equity Attributable to Equity Holders of the Parent		**8,850,447,942**	**9,803,259,940**
TOTAL EQUITY		**8,850,447,942**	**9,803,259,940**
TOTAL EQUITY AND LIABILITIES		**23,904,007,934**	**22,531,356,887**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of profit or loss and other comprehensive income for the six-months period ended 30 June 2022

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Unaudited 1 January - 30 June 2022	Unaudited 1 April - 30 June 2022	Unaudited 1 January - 30 June 2021	Unaudited 1 April - 30 June 2021
Loss or Profit Statement					
Revenue	*4*	2,033,836,260	1,185,017,371	629,654,124	372,361,656
Cost of Sales (-)		(706,553,114)	(386,082,927)	(341,742,374)	(168,127,163)
Gross Profit		**1,327,283,146**	**798,934,444**	**287,911,750**	**204,234,493**
General Administrative Expenses (-)		(71,749,578)	(30,151,791)	(53,169,300)	(29,979,284)
Other Operating Income		212,060,546	169,536,423	4,781,633	218,084
Other Operating Expenses (-)		(4,579,906)	(2,131,203)	(7,519,852)	(3,360,596)
Operating Profit		**1,463,014,208**	**936,187,873**	**232,004,231**	**171,112,697**
Gains from Investing Activities		4,234,114	373,967	1,548,657	871,480
Profit Before Net Finance (Expense) / Income		**1,467,248,322**	**936,561,840**	**233,552,888**	**171,984,177**
Finance Income		293,170,646	137,864,733	72,187,246	6,855,394
Finance Expense (-)		(761,718,811)	(494,047,996)	(243,083,630)	(142,755,496)
Net Finance Expense		**(468,548,165)**	**(356,183,263)**	**(170,896,384)**	**(135,900,102)**
(Loss) / Gain Before Tax		**998,700,157**	**580,378,577**	**62,656,504**	**36,084,075**
Tax Expense		**(265,632,290)**	**(155,448,383)**	**(6,680,632)**	**(3,015,478)**
Deferred Tax Expense		(265,632,290)	(155,448,383)	(6,680,632)	(3,015,478)
Net Income for the Period		**733,067,867**	**424,930,194**	**55,975,872**	**33,068,597**
Gain Attributable To:					
Equity Holders of the Parent		**733,067,867**	**424,930,194**	**55,975,872**	**33,068,597**
Gain / (Loss) Earnings per share					
- Gain / (Loss) Earnings per share		**1.04**	**0.61**	**0.08**	**0.05**
Other Comprehensive Income					
- that will not be Reclassified to Loss or Profit in Subsequent Periods		**(4,237,450)**	**(1,188,376)**	**(1,359,418)**	**(1,981,758)**
- Actuarial (Losses)/Gains on Defined Benefit Plans		*(5,296,813)*	*(1,485,470)*	*(1,699,273)*	*(2,477,198)*
- Tax Related to Other Comprehensive Income that will not be Reclassified to Loss or Profit		*1,059,363*	*297,094*	*339,855*	*495,440*
- that may be Reclassified to Loss or Profit in Subsequent Periods		**(1,637,136,989)**	**(912,384,213)**	**(686,827,818)**	**(147,606,530)**
- Reserve of (Losses) Gains on Cash Flow Hedge		*(2,046,421,236)*	*(1,140,480,266)*	*(858,534,773)*	*(184,508,163)*
- Tax Related to Other Comprehensive Income that will be Reclassified to Loss or Profit		*409,284,247*	*228,096,053*	*171,706,955*	*36,901,633*
Other Comprehensive Income		**(1,641,374,439)**	**(913,572,589)**	**(688,187,236)**	**(149,588,288)**
Total Comprehensive Income		**(908,306,572)**	**(488,642,395)**	**(632,211,364)**	**(116,519,691)**
Non-controlling Interests		-	-	-	-
Equity Holders of the Parent		**(908,306,572)**	**(488,642,395)**	**(632,211,364)**	**(116,519,691)**

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

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

					Other Comprehensive Income that will not be Reclassified to (Loss) or Profit		Other Comprehensive Income that will be Reclassified to (Loss) or Profit				
	Paid-in Capital	Share Premium / Discount	Treasury Shares (-)	Restricted Reserves (**)	Gains on Revaluation of Property, Plant and Equipment	Actuarial (Losses)/Gains on Defined Benefit Plans	Reserve of (Losses) Gains on Cash Flow Hedge	Accumulated Losses (*)	Net Income / (Loss) for the Period	Equity Holders of the Parent	Total Equity
Balance as of 1 January 2021	**700,000,000**	**51,319,818**	-	**1,523,866**	**6,477,727,452**	**2,848,729**	-	**(773,286,902)**	**(567,280,969)**	**5,892,851,994**	**5,892,851,994**
Transfers	-	-	-	-	-	-	-	(567,280,969)	567,280,969	-	-
Net Income / (Loss) for the Period	-	-	-	-	-	-	-	-	55,975,872	55,975,872	55,975,872
Other Comprehensive Income / (Expense)	-	-	-	-	-	(1,359,418)	(686,827,818)	-	-	(688,187,236)	(688,187,236)
Total Comprehensive Income	-	-	-	-	-	**(1,359,418)**	**(686,827,818)**	-	**55,975,872**	**(632,211,364)**	**(632,211,364)**
Share Premium / Discount (*)	-	40,098,520	-	-	-	-	-	-	-	40,098,520	*40,098,520*
Capital Increase (**)	5,000,000	-	-	-	-	-	-	-	-	5,000,000	5,000,000
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	-	*(115,778,763)*	-	-	115,778,763	-	-	-
Balance as of 30 June 2021	**705,000,000**	**91,418,338**	-	**1,523,866**	**6,361,948,689**	**1,489,311**	**(686,827,818)**	**(1,224,789,108)**	**55,975,872**	**5,305,739,150**	**5,305,739,150**
	-	-	-	-	-	-					
Balance as of 1 January 2022	**705,000,000**	**91,418,338**	-	**1,523,866**	**13,225,881,526**	**2,782,668**	**(3,000,188,096)**	**(1,102,866,722)**	**(120,291,640)**	**9,803,259,940**	**9,803,259,940**
Transfers	-	-	-	-	-	-	-	(120,291,640)	120,291,640	-	-
Net Income / (Loss) for the Period	-	-	-	-	-	-	-	-	733,067,867	733,067,867	733,067,867
Other Comprehensive Income / (Expense)	-	-	-	-	-	(4,237,450)	(1,637,136,989)		-	(1,641,374,439)	(1,641,374,439)
Total Comprehensive (Expense) / Income	-	-	-	-	-	**(4,237,450)**	**(1,637,136,989)**	-	**733,067,867**	**(908,306,572)**	**(908,306,572)**
Acquisition of Own Shares (*) (**)	-	-	(44,505,426)	44,505,426	-	-	-	(44,505,426)		(44,505,426)	(44,505,426)
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	-	(254,524,211)	-	-	254,524,211	-	-	-
Balance as of 30 June 2022	**705,000,000**	**91,418,338**	**(44,505,426)**	**46,029,292**	**12,971,357,315**	**(1,454,782)**	**(4,637,325,085)**	**(1,013,139,577)**	**733,067,867**	**8,850,447,942**	**8,850,447,942**

(*) The Company has planned to make its own share repurchase transactions in order to protect its shareholders, to contribute to the formation of a stable share price in line with its real value, and to preserve the confidence in the Company by considering that the share price did not reflect the actual performance of the Company's activities, in line with the CMB's statements on 14 February 2022, dated 21 July 2016, 25 July 2016 and 23 March 2020. It has been unanimously approved by the Board of Directors and the maximum number of shares that can be repurchased has been determined as 20,000,000 with a nominal value of 20,000,000 TL. The Company Management has evaluated that it will not have any consequences against the Company and the investors and that the use of the Company's existing resources for repurchase will not affect the Company's cash needs. In this context, the fund to be allocated for repurchase has been determined as a maximum of 170,000,000 TL, to be met from the cash generated from the Company's activities and its current resources.

The total amount of purchases provided from the internal resources of the company is 44,505,477 TL corresponding to 5,433,502 shares, and its share in the Company's capital is 0.7707%. The Company has shown TL 44,505,477 in the “Treasury Stocks (-)” account, which was paid related to the repurchase of shares.

(**) In accordance with Article 520 of the Law No. 6102, the Company has set aside a reserve fund for the shares bought back in an amount that meets the acquisition value. Since these reserves are dissolved when the treasury stocks are transferred or canceled, they are shown as “Restricted Reserves”.

(***) With the decision of the Board of Directors dated 26 April 2021 and numbered 11, the Company's issued capital increased by TL 5,000,000 in cash and was registered with the Turkish Trade Registry Gazette dated 10 June 2021 and numbered 10346.

(****) 5,000,000 shares of the Company with a nominal value of 1 TL were offered to the public on 29 April 2021 and were sold at TL 9.9 per share. The amount of TL 5,000,000 was used in the capital increase and the remaining portion was recorded in the "Share Premium / (Discounts)" account. Expenses amounting to TL 4,401,480 incurred within the scope of initial public offering was deducted from Share Premium / (Discount) within the scope of IAS 32.

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

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Unaudited 1 January - 30 June 2022	Unaudited 1 January - 30 June 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1,073,417,080**	**588,322,843**
Net Income / (Loss) for the Period		**733,067,867**	**55,975,872**
Net Income / (Loss) for the Period Adjustment to Reconcile		**1,406,589,940**	**458,815,259**
Adjustment Related to Amortization and Depreciation	*9-10*	393,066,596	215,497,644
Adjustment Related to Provisions		5,052,792	1,872,052
Adjustment Related to Incomes / (Expenses) of Interest, Net		402,089,643	200,175,922
Adjustment Related to Tax Income / (Expense)		265,632,290	6,680,632
Adjustment Related to Exchanges Differences		344,773,970	36,137,666
Adjustment Related to Gains of Sales of Tangible & Intangible Assets, Net		(3,344,996)	(1,548,657)
Other Adjustments to Reconcile Net (Loss) / Income		(680,355)	-
Change in Working Capital		**(1,056,901,535)**	**73,898,242**
Adjustment Related to Increase / (Decrease) in Restricted Accounts		(326,518,450)	-
Adjustment Related to Increase / (Decrease) in Trade Receivables		(990,700,892)	4,817,931
Adjustment Related to Increase / (Decrease) in Other Receivables		(10,009,899)	71,279,721
Adjustment Related to Increase / (Decrease) in the Inventories		76,680	(1,059,827)
Adjustment Related to Increase / (Decrease) in Trade Payables		219,927,297	(5,757,867)
Adjustment Related to Increase / (Decrease) in Other Payables		46,197,421	3,431,034
Adjustment Related to Increase / (Decrease) in Liabilities for Employee Benefits		4,126,308	1,187,250
Taxes Paid		(8,790,808)	-
Employee Termination Benefit Paid	*11.4*	(548,384)	(366,530)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(629,544,133)**	**(134,039,025)**
Interest Received		69,936,309	1,822,801
Inflow Related to Sales of Tangible and Intangible Assets	*9*	5,037,221	1,410,881
Outflow Raleted to Purchase of Tangible and Intangible Assets	*9-10*	(704,517,663)	(72,452,707)
Outflow Related to Payment of Debts to the Privatization Administration		-	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		**(746,824,015)**	**(492,739,748)**
Cash Inflow Related to Proceeds from Borrowings	*13*	-	71,302,000
Cash Outflow Related to Repayment of Borrowings	*13*	(273,156,538)	(393,814,763)
Cash Outflow Related to Lease Liabilities	*13*	(41,565,842)	(5,023,601)
Other Cash Inflow / (Outflow)		882,229	(8,080,612)
Cash Outflows for the Acquisition of Own Shares		(44,505,426)	40,098,520
Capital Increase		-	5,000,000
Interest Paid	*13*	(388,478,438)	(202,221,292)
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS (A+B+C)		**(302,951,068)**	**(38,455,930)**
D. CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD		**1,525,592,118**	**145,525,078**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)		**1,222,641,050**	**107,069,148**

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

1. Organization and nature of operations of the Group

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

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

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

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

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

As of 30 June 2022 and 31 December 2021, the Group's subsidiaries ("subsidiaries") and their main business activities are as follows:

Subsidiaries	**Location**	**Main Activities**	**Ownership Percentage**	
			30 June 2022	**31 December 2021**
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. ("Ey-tur") /HPP	Kağızman/Kars	Electricity generation by hydropower	100%	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. ("Başat") / HPP	Üzümlü/Erzincan	Electricity generation by hydropower	100%	100%
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	İzmir	Trading of electricity	100%	100%
Akköprü Yenilenebilir Enerji A.Ş. ("Akköprü HPP") **(*)**	Muğla	Electricity generation by hydropower	100%	100%

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

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

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

As of 30 June 2022 and 31 December 2021, the number of employees of the Company and its subsidiaries and its associate are as shown in the table below:

The Company and its subsidiaries	30 June 2022	31 December 2021
Aydem Yenilenebilir	540	537
Sarı Perakende	-	-
Ey-Tur	-	-
Başat	-	-
Akköprü	-	-
Total	**540**	**537**

Laws / regulations affecting the business activities

The Group is subject to the regulations and communiques issued by the Energy Market (EMRA) and obliged to carry out electricity generation and sales activities in accordance with the Electricity Market Law No.6446 dated 14 March 2013.

List of Shareholders

As of 30 June 2022 and 31 December 2021, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	30 June 2022		31 December 2021	
Shareholders	**TL**	**%**	**TL**	**%**
Aydem Enerji Yatırımları A.Ş.	574,975,680	81.56%	574,975,010	81.56%
Publicly Traded	130,000,000	18.44%	130,000,000	18.44%
Others	24,320	0.00%	24,990	0.00%
Total	**705,000,000**	**100%**	**705,000,000**	**100%**

The Company's shared rate is 15.76% after the buyback transaction. As of 30 June 2022, the company has buyback shares TL 44,505,477.

Aydem Enerji Yatırımları A.Ş. is controlled by Aydem Holding A.Ş.

The company has taken the Board of Directors decision dated August 4, 2020 and numbered 2020/29. The issued capital of the Company, which was 700,000,000 TL within the registered capital ceiling of 2,000,000,000 TL. The company has been decided to be increased by 5,000,000 TL to 705,000,000 TL. The Company has decided to issue 5,000,000 shares with a nominal value of 5,000,000 TL as Group B shares and to offer the said shares to the public. As of April 29, 2021, the company started to be traded on Borsa Istanbul - Yıldız Market.

Approval of consolidated financial statements:

Consolidated financial statements prepared as of 30 June 2022 were approved for publication by the Board of Directors on 15 August 2022. The General Assembly have the right to amend the consolidated financial statements.

2 Basis of presentation of consolidated financial statements

2.1 Basic principles of presentation

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

The interim condensed consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements as of 30 June 2022. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2021 year-end financial statements.

2.2 Functional and presentation currency

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

Transactions and balances

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

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of Consolidation

Consolidated financial statements include the financial statements of the company and its subsidiaries as of 30 June 2022. Subsidiaries are companies over which the Group has direct or indirect control over their operations. Control is provided if the Group meets the following conditions:

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

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

• The contractual arrangement(s) with the other vote holders of the investee
• Rights arising from other contractual arrangements
• The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of Consolidation (continued)

(i) Business combinations

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

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

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

ii) Subsidiaries:

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

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of consolidation (continued)

iii) Associates:

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

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

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

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

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

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

iv) Non-controlling interests

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

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of consolidation (continued)

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

vi) Acquisition of companies under common control

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

vii) Eliminations

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

viii) Loss of control

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

2 Basis of presentation of consolidated financial statements (continued)

2.4 Going Concern

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

2.5 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as of June 30, 2022 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, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of 1 January 2022 are as follows:

- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Annual Improvements – 2018–2020 Cycle

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

2 Basis of presentation of consolidated financial statements (continued)

2.5 The new standards, amendments and interpretations (continued)

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

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

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- TFRS 17 – The new Standard for insurance contracts
- Amendments to TAS 1– Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 – Definition of Accounting Estimates
- Amendments to TAS 1 – Disclosure of Accounting Policies
- Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These changes did not have an impact on the financial position and performance of the Group.

2.6 Summary of significant accounting policies

Related Parties

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

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

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

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

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (continued)

Property, plant and equipment

Accounting and measurement

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

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipment consisting of the power plant as of 31 December 2021 and performed a detailed impairment analysis as of 30 June 2022. The Renewable Energy Group consist of power plants below:

- Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Uşak WPP, Yalova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, LFG Bio Power Plant ("BPP"), Mentaş HPP, Toros HPP, Göktaş I-II HPP, Aksu HPP and Akıncı HPP.

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

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

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

The estimated useful lives of the significant property, plant and equipment as of 30 June 2022 are as follows:

	Years
Power plants	20-49

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

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

Intangible assets

Accounting and measurement

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

Right to Operate Licences

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

Computer Software

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

Subsequent costs

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

Amortization

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

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

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

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

2 Basis of presentation of consolidated financial statements (continued)

Financial liabilities

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

i. Borrowings

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

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

ii. Borrowing costs

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

iii. Trade and other payables

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

2.7 Cash flow hedge transactions

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

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.7 Cash flow hedge transactions (continued)

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

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

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

As of 30 June 2022, the amount of forecasted revenue under FIT ans bilateral agreements are USD 672,903,933 whereas the total notional of the outstanding USD denominated loans is USD 732,820,000. The Group designates USD 650,000,000 of this amount as part of its hedge accounting relationship, per TFRS 9 6.2.4 (c). Due to under-hedged nature of the hedged-item, the Company achieves 1:1 hedge ratio with the hedging instrument at all times by way of re-balancing, in line with TFRS 9.6.4.1.c.iii**.**

The maturity breakdown of the designated layer of the hedging instrument notional as of 30 June 2022 is provided below;

Payment Date	Principal Payment Amount
February 2025	65,000,000
August 2025	65,000,000
February 2026	65,000,000
August 2026	65,000,000
February 2027	390,000,000
Total	650,000,000

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.7 Cash flow hedge transactions (continued)

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

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

As of 30 June 2022, the hedge relationship has been measured as %97.8 effective, Accordingly, the foreign exchange losses incurred between 1 January 2022 and 30 June 2022 amounting to TL 2,166,059,996 has been treated as follows:

Foreign Exchange Loss relating to USD Loans	**1 January – 30 June 2022**
Recognized in OCI	TL 2,046,503,794
Recognized in profit or loss (ineffective portion)	TL 119,556,202
The amount reclassified from OCI to profit or loss as Finance expenses – Foreign Exchange losses transferred from equity (cash flow hedge)	TL 93,425,091

As a result of the sensitivity analysis performed on the forecasted revenue figures, the Group concluded that the 10% increase / decrease in the forecasts do not have a significant effect on the evaluation of the hedge effectiveness tests.

2 Basis of presentation of consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions

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

Judgements:

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

- Note 5 – Trade receivables
- Note 9 – Property, plant and equipment
- Note 11 – Provisions

2.9 Revenue

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

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

The Company has defined the sale of electricity as a performance obligation. Since the billed amounts reasonably represent the value to customers of the performance obligations fulfilled to date, the identified performance obligations were evaluated and determined to be fulfilled over time and eligible for billing. The transaction price is based on the actual price per mega-watt output. Sales subject to Renewable Energy Resources Support Mechanism ("FIT") are invoiced at the end of the month and collections are made on the 25th day of the following month. Other invoices are issued monthly and payment is usually in advance.

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

2.10 Seasonal changes in operations

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.11 Adjustment of financial statements during periods of high inflation

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on 20 January 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of 31 December 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of 30 June 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

3 Cash and Cash Equivalents

	30 Haziran 2022	31 Aralık 2021
Kasa	10,576	-
Bankadaki nakit	1,222,630,474	1,525,592,118
- Vadesiz mevduat	*5,210,502*	*75,775,023*
- Vadeli mevduat	*1,217,419,972*	*1,449,817,095*
	1,222,641,050	**1,525,592,118**

As of 30 June 2022, the interest rate of the Group's term TL denominated time deposits amounting is between 12% to 17.5% (31 December 2021: between 12% to 15.41%); US Dollars denominated time deposits amounting interest rate is between 0.1% to 6.3% (31 December 2021: between 0.10% to 1.80%). Euro denominated time deposits amounting interest rate is between 0.05% to 2.85% (31 December 2021: -).

4 Segment reporting

4.1 Statement of financial position

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

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

4 Segment reporting (continued)

4.1 Statement of financial position (continued)

30 June 2022	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	17,794,193,979	2,539,786,851	6,066,644	-	4,950,390	3,559,010,070	23,904,007,934
Segment Liabilities	10,913,145,422	828,512,440	1,049,065	-	7,225	3,310,845,840	15,053,559,992

31 December 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	18,077,351,085	2,251,001,000	11,730,000	1,457,794	4,964,905	2,184,852,103	22,531,356,887
Segment Liabilities	10,771,953,787	796,104,590	1,276,214	11,747,578	13,293	1,147,001,485	12,728,096,947

Segment assets are composed of its power plants and segment liabilities are composed of its financial liabilities and deferred tax liabilities related to power plants.

(*) Includes assets and liabilities of Sarı Perakende whose main business activity is trading of electricity.

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

4 Segment reporting (continued)

4.2 Statement of profit or loss

1 January - 30 June 2022	**Hydro Power Plants**	**Wind Power Plants**	**Geothermal Power Plant**	**BIO Power Plant**	**Total Renewable Energy**	**Unallocated (*)**	**Consolidated**
Revenues	**1,695,172,726**	**327,321,289**	**7,006,489**	**1,248,856**	**2,030,749,360**	**3,086,900**	**2,033,836,260**
- Revenues from Feed in Tariff (FIT)	*1,331,611,688*	*327,321,289*	-	*1,248,856*	*1,660,181,833*	-	*1,660,181,833*
- Other than FIT (*)	*363,561,038*	-	*7,006,489*	-	*370,567,527*	*3,086,900*	*373,654,427*
Cost of Sales (-)	**(508,499,215)**	**(188,509,478)**	**(10,903,101)**	**(1,244,607)**	**(709,156,401)**	**2,603,287**	**(706,553,114)**
Operational Expenses (-) (including Other expense and income)	**52,283,821**	**159,520**	**24,331**	**(24,620)**	**52,443,052**	**83,288,010**	**135,731,062**
Earnings Before Interest and Taxes (EBIT)	**1,238,957,332**	**138,971,331**	**(3,872,281)**	**(20,371)**	**1,374,036,011**	**88,978,197**	**1,463,014,208**
Add-back, Depreciation & Amortization Expenses (-)	290,584,595	89,288,832	6,022,650	47,265	385,943,342	7,123,254	393,066,596
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	**1,529,541,927**	**228,260,163**	**2,150,369**	**26,894**	**1,759,979,353**	**96,101,451**	**1,856,080,804**
Gains from Investing Activities	-	-	-	-	-	4,234,114	**4,234,114**
Finance Income	-	-	-	-	-	293,170,646	**293,170,646**
Finance Expense (-)	-	-	-	-	-	(761,718,811)	**(761,718,811)**
Tax (Expense) / Income	-	-	-	-	-	(265,632,290)	**(265,632,290)**
Depreciation & Amortization Expenses (-)	(290,584,595)	(89,288,832)	(6,022,650)	(47,265)	(385,943,342)	(7,123,254)	**(393,066,596)**
Net Profit for the Year							**733,067,867**

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

4 Segment reporting (continued)

4.2 Statement of profit or loss (continued)

1 January - 30 June 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated (*)	Consolidated
Revenues	**455,524,493**	**150,173,853**	**4,744,594**	**820,334**	**611,263,274**	**18,390,850**	**629,654,124**
- Revenues from Feed in Tariff (FIT)	*390,497,005*	*150,173,853*	*-*	*820,334*	*541,491,192*	*-*	*541,491,192*
- Other than FIT (*)	*65,027,488*	*-*	*4,744,594*	*-*	*69,772,082*	*18,390,850*	*88,162,932*
Cost of Sales (-)	**(260,357,634)**	**(87,606,758)**	**(5,292,019)**	**(1,122,493)**	**(354,378,904)**	**12,636,530**	**(341,742,374)**
Operational Expenses (-) (including Other expense and income)	**(2,632,011)**	**(559,790)**	**(59,675)**	**602**	**(3,250,874)**	**(52,656,645)**	**(55,907,519)**
Earnings Before Interest and Taxes (EBIT)	**192,534,848**	**62,007,305**	**(607,100)**	**(301,557)**	**253,633,496**	**(21,629,265)**	**232,004,231**
Add-back, Depreciation & Amortization Expenses (-)	165,211,875	44,442,180	2,534,484	316,314	212,504,853	2,992,791	215,497,644
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	**357,746,723**	**106,449,485**	**1,927,384**	**14,757**	**466,138,349**	**(18,636,474)**	**447,501,875**
Gains from Investing Activities	-	-	-	-	-	1,548,657	**1,548,657**
Finance Income	-	-	-	-	-	72,187,246	**72,187,246**
Finance Expense (-)	-	-	-	-	-	(243,083,630)	**(243,083,630)**
Tax Income / (Expense)	-	-	-	-	-	(6,680,632)	**(6,680,632)**
Depreciation & Amortization Expenses (-)	(165,211,875)	(44,442,180)	(2,534,484)	(316,314)	(212,504,853)	(2,992,791)	**(215,497,644)**
Net Profit for the Year							**55,975,872**

(*) Revenues mainly consist of carbon emission trade amounting to TL 15,924,497 (Emission trade is a mechanism that provides economic incentives to reduce the emissions of greenhouse gases that cause global warming). Operational expenses mainly consist of personnel expenses.

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

5 Related party disclosures

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

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

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

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

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

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

Other receivables from related parties mainly arise from financing transactions. At the end of each quarter period for other receivables and payables interest is accrued using market interest rates, which are determined using the Group external cost of borrowing.

5.1 Related party balances

As of 30 June 2022 and 31 December 2021, short-term trade receivables due from related parties are as follows:

	30 June 2022	31 December 2021
Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") (1) (*)	689,550,732	116,683,426
Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") (1) (**)	342,758,384	10,227,070
Parla Solar Hucre ve Panel Üretım A.Ş. (Parla) (1)	7,860,173	-
Yatağan Termik Enerji Üretim A.Ş. ("Yatağan") (1)	199,373	245,826
Other	99,209	155,538
	1,040,467,871	**127,311,860**

(*) Consists of receivables related to electricity trade. The company collected 400,000,000 TL from Gediz EPSAŞ in subsequent period.
(**) Consists of receivables related to electricity trade. The company collected 220,000,000 TL from Aydem EPSAŞ in subsequent period.

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

5 Related party disclosures (continued)

5.1 Related party balances (continued)

As of 30 June 2022 and 31 December 2021, short-term other receivables due from related parties are as follows:

	30 June 2022	31 December 2021
Aydem Holding A.Ş. ("Aydem Holding") (1) (***)	28,840,252	15,530,259
Aydem Enerji Yatırımları A.Ş. ("Holdco") (1)	10,716	-
	28,850,968	**15,530,259**

(***) It consists of receivables related to the sale of 50% shares belonging to Yalova Karacabey.

As of 30 June 2022 and 31 December 2021, short-term trade payables due to related parties are as follows:

	30 June 2022	31 December 2021
Aydem Holding (1) (****)	3,203,383	3,004,715
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	1,075,349	647,430
Adm EDAŞ (1)	650,251	240,369
YF Operasyonel Kiralama A.Ş. ("YF") (2)	71,906	137,806
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla") (1)	-	78,869
Other	5,349	14,820
	5,006,238	**4,124,009**

(****) Consists of personnel services and management fees.

As of 30 June 2021 and 31 December 2021 long-term other payables to related parties are as follows:

	30 June 2022	31 December 2021
Aydem EPSAŞ (1) (*****)	41,092,615	37,092,472
	41,092,615	**37,092,472**

(*****) Consist of Acquisition of Düzce through under common control business transaction. The payment term is 27 June 2029 according to agreement signed between the Aydem Yenilenebilir and Aydem EPSAŞ.

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

5 Related party disclosures (continued)

5.1 Related party balances (continued)

5.2 Related party transactions

For the year ended 30 June 2022 and 2021, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January - 30 June 2022	1 January - 30 June 2021
Gediz EPSAŞ (1) (*)	1,563,381,102	13,170
Aydem EPSAŞ (1) (**)	578,533,410	11,670,769
Adm EDAŞ (1)	4,019,558	183,234
Parla (1)	604,981	108,741
Other	551,508	731,326
	2,147,090,559	**12,707,240**

(*) Consist of electricity sales within the bilateral agreements.
(**) Consists of electricity sales invoices within bilateral contract and group savings income.

In the period ending on 30 June 2022, since the price in the spot electricity market was higher than the sales price of FIT electricity, a completion payment was made to Enerji Piyasaları Işletme A.Ş. ("EPIAŞ") equal to the difference. The difference between revenue and electricity sales is due to this payment.

Purchase of Electricity and Services	1 January - 30 June 2022	1 January - 30 June 2021
Aydem EPSAŞ (1) (*)	23,795,600	15,316,049
Aydem Holding (1) (**)	23,278,853	19,902,107
Parla (1) (***)	21,295,883	3,420,607
GDZ Enerji (1) (****)	4,814,977	2,362,531
Adm EDAŞ (1) (*****)	3,690,271	2,074,820
Yeni Filo A.Ş.(2)	354,471	519,534
Entek (2)	-	993,713
Holdco (1)	-	755,405
Other	14,956	32,963
	77,245,011	**45,377,729**

(*) Consists of imbalance expense and administrative electricity bills. The imbalance expense is TL 21,173,277.
(**) This amount consists of the management fee deduction reflected by Aydem Holding. It consists of personnel service and administrative service expense.
(***) Consist of labour service for hybrid investments.
(****) Consists of vehicle rent expense invoices and IT reflection invoices.
(*****) Consists of system usage fee invoices.

Finance Income	1 January - 30 June 2022	1 January - 30 June 2021
Gediz EPSAŞ (1) (*)	178,970,556	1,171
Aydem EPSAŞ (1) (*)	43,320,181	-
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla Solar") (1) (*)	448,714	1,039
Aydem Holding (1)	2,414	5,707,027
Other	14,876	22,487
	222,756,741	**5,731,724**

(*) Consists of the effects of exchange rate differences on trade receivables.

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

5 Related party disclosures (continued)

5.2 Related party transactions (continued)

Finance Expenses	1 January - 30 June 2022	1 January - 30 June 2021
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	10,381	-
Çates Elektrik Üretim A.Ş. ("Çates") (1)	180	107
Aydem Holding (1)	-	114,142
Other	-	18,787
	10,561	**133,036**

The executive management of the Group is comprised of general manager and directors. For the period ended 30 June 2022 and 2021, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Benefits to key management personnel	4,472,546	3,232,695
	4,472,546	**3,232,695**

6 Trade receivables and payables

Short term trade receivables

As of 30 June 2022 and 31 December 2021, the Group's short-term trade receivables are as follows:

	30 June 2022	31 December 2021
Trade Receivables due from Related Parties (Note 5)	1,040,467,871	127,311,860
Trade Receivables due from Third Parties	104,479,576	26,934,695
	1,144,947,447	**154,246,555**
Less: Allowances for Doubtful Trade Receivables	(6,390,038)	(6,410,754)
	1,138,557,409	**147,835,801**

As of 30 June 2022 and 31 December 2021, short-term trade receivables consist of the following items:

	30 June 2022	31 December 2021
Trade Receivables related to Electricity Sales (*)	1,125,174,997	133,771,113
Income Accruals related to Electricity Sales (**)	13,382,412	14,064,688
Doubtful Trade Receivables	6,390,038	6,410,754
Allowances for Doubtful Trade Receivables (-)	(6,390,038)	(6,410,754)
	1,138,557,409	**147,835,801**

(*) Consist of electricity sales within the bilateral agreements.
(**) It consists of the Company’s unbilled receivables arising from the electricity sales.

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

6 Trade receivables and payables (continued)

Short term trade receivables (continued)

The movement of provisions for doubtful receivables for the period ended 30 June 2022 and 30 June 2021 are as follows:

Provisions for Doubtful Trade Receivable	2022	2021
Opening Balance (1 January)	6,410,754	4,776,282
Current Provision	20,533	24,941
Provisions No Longer Required	(41,249)	(13,843)
Closing Balance (30 June)	**6,390,038**	**4,787,380**

Short term trade payables

As of 30 June 2022 and 31 December 2021, the Group's short-term trade payables are as follows:

	30 June 2022	31 December 2021
Trade Payables due from Related Parties (Note 5)	5,006,238	4,124,009
Trade Payables from Third Parties	283,951,204	64,023,907
	288,957,442	**68,147,916**

As of 30 June 2022 and 31 December 2021, short-term trade payables from third parties consist of the following items:

	30 June 2022	31 December 2021
Trade Payables	282,419,496	54,690,827
Expense Accruals	1,531,458	9,329,223
Other Trade Payables	250	3,857
	283,951,204	**64,023,907**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

7 Other receivables and payables

Other short-term receivables

As of 30 June 2022 and 31 December 2021, the Group's short-term other receivables are as follows:

	30 June 2022	31 December 2021
Other Receivables due from Related Parties (Note 5)	28,850,968	15,530,259
Other Receivables due from Third Parties	8,043,236	7,415,786
	36,894,204	**22,946,045**

As of 30 June 2022 and 31 December 2021, short-term other receivables from third parties consist of the following items:

	30 June 2022	31 December 2021
Receivables from Tax Administration	7,349,305	6,513,821
Deposits & Guarantees Given	693,931	717,904
Other Receivables	-	184,061
	8,043,236	**7,415,786**

8 Inventories

As of 30 June 2022 and 31 December 2021, inventories are composed of spare parts for property, plant and equipment:

	30 June 2022	31 December 2021
Spare Parts (*)	9,160,008	8,556,333
	9,160,008	**8,556,333**

(*) Inventories consist of spare parts used in the maintenance of power plants.

As of 30 June 2022, there is no insurance coverage on the Group's inventories (31 December 2021: None).

As of 30 June 2022, there are no inventories presented as collateral for liabilities (31 December 2021: None).

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

9 Property, plant and equipment and right of use assets

9.1 Property, plant and equipment

The ending 30 June 2022 and 30 June 2021, movements of property, plant and equipment are as follows:

	Land	Power Plants(*)	Construction in Progress (**)	Advances Given for Construction in Progress (***)	Other	Total
Cost or Valuation as of 1 January 2022	**13,023,687**	**27,629,016,119**	**214,362,885**	**160,945,092**	**28,667,515**	**28,046,015,298**
Additions	30,000	133,507,200	131,330,415	437,643,713	1,297,320	703,808,648
Disposals	-	(2,341,657)	-	-	(95,682)	(2,437,339)
Transfers	-	252,601,663	(37,742,038)	(214,859,625)	-	--
Cost or Valuation as of 30 June 2022	**13,053,687**	**28,012,783,325**	**307,951,262**	**383,729,180**	**29,869,153**	**28,747,386,607**
Accumulated Depreciation as of 1 January 2022	-	**(7,580,743,992)**	-	-	**(15,809,317)**	**(7,596,553,309)**
Additions	-	(382,635,532)	-	-	(1,434,181)	(384,069,713)
Disposals	-	685,398	-	-	59,716	745,114
Accumulated Depreciation as of 30 June 2022	-	**(7,962,694,126)**	-	-	**(17,183,782)**	**(7,979,877,908)**
Net book value as of 30 June 2022	**13,053,687**	**20,050,089,199**	**307,951,262**	**383,729,180**	**12,685,371**	**20,767,508,699**

	Land	Power Plants(*)	Construction in Progress (**)	Advances Given for Construction in Progress (***)	Other	Total
Cost or Valuation as of 1 January 2021	**12,983,687**	**15,095,201,257**	**123,107,545**	-	**24,629,419**	**15,255,921,908**
Additions	40,000	68,631,549	159,581	-	2,587,688	71,418,818
Disposals	-	(561,892)	-	-	(193,399)	(755,291)
Transfers	-	-	(457,198)	-	443,204	(13,994)
Cost or Valuation as of 30 June 2021	**13,023,687**	**15,163,270,914**	**122,809,928**	-	**27,466,912**	**15,326,571,441**
Accumulated Depreciation as of 1 January 2021	-	**(3,430,267,259)**	-	-	**(13,095,275)**	**(3,443,362,534)**
Additions	-	(209,197,043)	-	-	(1,833,907)	(211,030,950)
Disposals	-	518,369	-	-	181,799	700,168
Accumulated Depreciation as of 30 June 2021	-	**(3,638,945,933)**	-	-	**(14,747,383)**	**(3,653,693,316)**
Net book value as of 30 June 2021	**13,023,687**	**11,524,324,981**	**122,809,928**	-	**12,719,529**	**11,672,878,125**

(*) It consists of hybrid project investments and rehabilitation investments.

(**) Mainly consists of raw material purchases for hybrid projects.

(***) Consists of advances given to suppliers for investments.

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

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

9.1 Property, plant and equipment (continued)

As of 30 June 2022, there are pledges and mortgages on property, plant and equipment of the Group amounting to USD 1,248,750,000 in original currencies (31 December 2021: USD 1,248,750,000 in original currencies) in favor of lenders.

Total depreciation expense of property, plant and equipment amounting to TL 382,635,532 (30 June 2021: TL 209,197,043) has been reflected to cost of sales and amounting to TL 1,434,181 (30 June 2021: TL 1,833,907) has been reflected to general administration expense.

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

9.2 Right of uses

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

As of 30 June 2022, movements in right of use assets during the period are as follows:

Cost as of 1 January 2022	**35,251,135**
Additions	37,989,641
Cost as of 30 June 2022	**73,240,776**
Accumulated Depreciation as of 1 January 2022	**(7,448,596)**
Additions	(4,368,520)
Accumulated Depreciation as of 30 June 2022	**(11,817,116)**
Net Book Value as of 30 June 2022	**61,423,660**

As of 30 June 2021, movements in right of use assets during the period are as follows:

Cost as of 1 January 2021	**21,244,253**
Disposals	(192,899)
Cost as of 30 June 2021	**21,051,354**
Accumulated Depreciation as of 1 January 2021	**(8,551,882)**
Additions	(398,893)
Accumulated Depreciation as of 30 June 2021	**(8,950,775)**
Net Book Value as of 30 June 2021	**12,100,579**

10. Other intangible assets

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

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

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

10. Other intangible assets (continued)

As of 30 June 2022 and 31 December 2021, movements of intangible assets are as follows

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2022	**5,959,379**	**324,100,000**	**3,992,066**	**334,051,445**
Additions	709,015	-	-	709,015
Cost as of 30 June 2022	**6,668,394**	**324,100,000**	**3,992,066**	**334,760,460**
Accumulated Depreciation as of 1 January 2022	**(1,772,050)**	**(30,833,915)**	**(2,545,470)**	**(35,151,435)**
Additions	(1,158,617)	(3,307,810)	(161,936)	(4,628,363)
Accumulated Depreciation as of 30 June 2022	**(2,930,667)**	**(34,141,725)**	**(2,707,406)**	**(39,779,798)**
Net book value as of 30 June 2022	**3,737,727**	**289,958,275**	**1,284,660**	**294,980,662**

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2021	**3,211,232**	**324,100,000**	**3,992,066**	**331,303,298**
Additions	1,033,889	-	-	1,033,889
Transfers	13,994	-	-	13,994
Cost as of 30 June 2021	**4,259,115**	**324,100,000**	**3,992,066**	**332,351,181**
Accumulated Depreciation as of 1 January 2021	**(717,449)**	**(24,217,962)**	**(2,213,440)**	**(27,148,851)**
Additions	(594,600)	(3,307,810)	(165,391)	(4,067,801)
Accumulated Depreciation as of 30 June 2021	**(1,312,049)**	**(27,525,772)**	**(2,378,831)**	**(31,216,652)**
Net book value as of 30 June 2021	**2,947,066**	**296,574,228**	**1,613,235**	**301,134,529**

Amortization expense of intangible assets amounting to TL 1,320,553 (30 June 2021: TL 759,991) has been reflected to general administrative expenses. Amortization expense of intangible assets amounting to TL 3,307,810 (30 June 2021: TL 3,307,810 has been reflected to cost of sales,

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

11 Provisions, contingent assets and liabilities

11.1 Short-term provisions

As of 30 June 2022 and 31 December 2021, the breakdown of short-term provisions are as follows:

	30 June 2022	31 December 2021
Provision for Litigations	12,152,534	14,137,022
Short-term Provisions for Employee Benefits	9,219,250	6,506,072
	21,371,784	**20,643,094**

Other short-term provisions consist of provisions for ongoing litigations of the Group. The movement table is as follows:

Litigation Provisions Movement	2022	2021
Opening Balance	14,137,022	13,064,328
Net change in provision within the period	(1,984,488)	(2,332,202)
Closing Balance	**12,152,534**	**10,732,126**

Short-term provisions for employee benefits consist of unused vacation days provisions. The current period movement table is as follows:

Unused Vacation Provision Movement	2022	2021
Opening Balance	3,586,337	3,188,285
Net change in provision within the period	2,166,177	1,130,508
Closing Balance	**5,752,514**	**4,318,793**

Movement of premium provisions for the current period as follows:

Premium Provisions Movement	2022	2021
Opening Balance	2,919,735	-
Net change in provision within the period	547,001	-
Closing Balance	**3,466,736**	-

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

11 Provisions, contingent assets and liabilities (continued)

11.2 Contingent liabilities

As of 30 June 2022 and 31 December 2021, the Group's collateral / pledge / mortgage ("CPM") balances are as follows:

		30 June 2022	31 December 2021
	Currency	**TL Amount**	**TL Amount**
A. Guarantees given in the name of its own legal personality (*)	TL	-	-
	US Dollars	20,805,923,250	16,644,588,750
B.Guarantees given on behalf of the fully consolidated companies	TL	-	-
C.Total amount of CPM's given to other 3rd parties for the purpose of carrying out their ordinary commercial activities	TL	-	-
D. Other guarantees	TL	-	-
i. Guarantees given on behalf of the majority shareholder		-	-
ii. Guarantees given to on behalf of other group companies which are not in scope of B and C.	TL	-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.		-	-
Total		**20,805,923,250**	**16,644,588,750**

(*) Administrative fines and other administrative sanctions for all structures, with the decision of the Dalaman, Ortaca and Köyceğiz Municipal Committees, for alleged violation of the reconstruction legislation due to the absence of a building permit for Dalaman HEPP 1-2-3-4-5 and Gökyar HEPPs. Since these administrative actions are against the law and HEPPs are public investments, they are exempt from construction permits. For this reason, lawsuits have been filed by the Company to the Administrative Courts for the cancellation of the transactions. The court granted a stay of execution in the lawsuits filed. As a result of the trial process, the court decided to accept 94 cases. The court decided to cancel the administrative sanctions. The management of the company does not think that it will bear any liability or make any payments.

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

The Company are subject to litigation and regulatory proceedings in the normal course of the business. From time to time, The Company may be a party to legal proceedings, including, but not limited to, personal injury claims, commercial disputes, regulatory or administrative actions and employment matters. These proceedings may be brought by, among others, current, former or prospective employees, suppliers, governmental agencies or other third parties. For instance, The Company provided a guarantee to one of the affiliates, Yatağan Termik Enerji Üretim A.Ş., ("Yatağan") a subsidiary of Aydem Holding, with respect to certain work that GE Enerji Endüstri Ticaret ve Servis A.Ş. ("GE") had contracted to perform for Yatağan. A dispute has arisen between Yatağan and GE, and as a result GE has initiated a lawsuit against Yatağan and the Company, seeking EUR 9,7 million in damages. During the litigation process, petitions and evidence regarding the claims and defences were submitted to the court by the parties. It was decided to examine the commercial books and records of the parties with the participation of expert experts on September 6, 2021, and to issue an expert report as a result of the review. Since the expert report has not been submitted to the file yet, it was decided to wait for the report and the next hearing date was determined as 27 October 2022. Even if the lawsuit is concluded against Yatağan, the management of the company does not think that it will bear any liability or make any payments due to being the guarantor of the Company.

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

11 Provisions, contingent assets and liabilities (continued)

11.3 Letters of guarantees received and guarantees given

		30 June 2022	31 December 2021
	Currency	**TL Equivalent**	**TL Equivalent**
Guarantees given (*)	TL	82,571,328	78,101,819
Total		**82,571,328**	**78,101,819**

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

		30 June 2022	31 December 2021
	Currency	**TL Equivalent**	**TL Equivalent**
Guarantees received (**)	TL	10,260,008	9,976,174
Guarantees received (**)	EURO	2,020,698	701,079
Guarantees received (***)	US Dollars	1,744,151,557	186,339,420
Total		**1,756,432,263**	**197,016,673**

(**) The guarantees received are the guarantees taken against the risk of not providing the services to be obtained from the suppliers.
(***) The guarantees received which trade receivables from related parties resulting from bilateral agreements with Aydem EPSAŞ and Gediz EPSAŞ companies and hybrid investments.

11.4 Long term provisions

As of 30 June 2022 and 31 December 2021, the long-term provisions are as follows:

	30 June 2022	31 December 2021
Provisions for Retirement Pay Liability	20,636,558	11,543,311
	20,636,558	**11,543,311**

Provisions for Retirement Pay Liability	**2022**	**2021**
Opening Balance (1 January)	11,543,311	8,122,907
Service Cost	1,874,549	1,966,056
Interest Cost	2,470,269	1,096,592
Retirement Payments Paid	(548,384)	(366,530)
Actuarial Loss / (Gain)	5,296,813	1,699,273
Closing Balance (30 June)	**20,636,558**	**12,518,298**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

11 Provisions, contingent assets and liabilities (continued)

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

The main actuarial assumptions used as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Expected interest in the coming years %	21.4	21.4
Expected inflation in the coming years %	17	17
Discount rate %	3.76	3.76

12 Liabilities for employee benefits

As of 30 June 2022 and 31 December 2021, short-term payables related to employee benefits are as follows:

	30 June 2022	31 December 2021
Payables to Personnel	3,398,980	108,830
Social Security Withholdings Payable	2,198,957	1,362,799
	5,597,937	**1,471,629**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

13 Financial liabilities

As of 30 June 2022 and 31 December 2021, the details of financial liabilities are as follows:

	30 June 2022	31 December 2021
Current portion of issued debt instruments (*)	931,907,974	763,819,958
Total Short-term Financial Liabilities	**931,907,974**	**763,819,958**
Long term issued debt instruments (*)	11,322,839,168	9,292,574,451
Total Long-term Financial Liabilities	**11,322,839,168**	**9,292,574,451**
Total Financial Liabilities	**12,254,747,142**	**10,056,394,409**

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

Between 11 May 2022 and 26 May 2022, USD 17,180,000 of the said bond was buyback transactions and the related amount was accounted for by deducting the amortized cost using the effective interest rate and the total bond amount.

The repayments of the loan and debt instruments agreements according to their original maturities as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
To be paid within 3 months	472,113,782	392,990,197
To be paid within a 3-12 months	459,794,192	370,829,761
To be paid in 1-2 year	855,917,228	702,353,541
To be paid in 2-3 year	1,768,883,106	647,493,336
To be paid in 3-4 year	2,449,829,626	2,078,232,941
To be paid in 4-5 year	6,248,209,208	1,797,992,769
To be paid over 5 year	-	4,066,501,864
	12,254,747,142	**10,056,394,409**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

13 Financial liabilities (continued)

As of 30 June 2022 and 31 December 2021, terms and conditions of financial liabilities are as follows:

			30 June 2022	
Currency	**Interest Rate**	**Maturity for the latest payment**	**Short-term**	**Long-term**
US Dollars	7.75%	2027	931,907,974	11,322,839,168
			931,907,974	**11,322,839,168**

			31 December 2021	
Currency	**Average Effective Annual Interest Rate Range**	**Maturity Range for the latest payment**	**Short-term**	**Long-term**
US Dollars	7.75%	2027	763,819,958	9,292,574,451
			763,819,958	**9,292,574,451**

Lease Liabilities

	2022	2021
Lease Liabilities - Opening	**29,878,263**	**16,382,756**
Additions	37,989,641	-
Disposals	-	(192,899)
Accretion of interest	3,233,449	1,661,474
Payments	(41,565,842)	(5,023,601)
Lease Liabilities - Closing	**29,535,511**	**12,827,730**
Current	6,353,078	2,280,103
Non-current	23,182,433	10,547,627
Total Lease Liabilities	**29,535,511**	**12,827,730**

The movement of financial liabilities for the period ended 30 June 2022 and 2021 is as follows:

	2022	2021
1 January	**10,056,394,409**	**4,928,941,332**
Cash inflow	-	71,302,000
Repayment of financial liabilites	(273,156,538)	(393,814,763)
Interest accrual	468,792,503	200,230,486
Interest paid	(388,478,438)	(202,221,292)
Exchange rate differences accounted in profit or loss	344,773,970	36,137,666
Exchange rate differences subjected to cash flow hedge, accounted in OCI	2,046,421,236	858,534,773
30 June	**12,254,747,142**	**5,499,110,202**

14 Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

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

Liquidity risk

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

As at 30 June 2022 and 31 December 2021, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

30 June 2022	Book Value	Contractual cash outflow	0-3 Months	3-12 Months	1-5 Years	> 5 Years
Non-derivative Financial Liabilities						
Financial Liabilities	12,254,747,142	16,530,009,982	475,758,529	483,644,020	15,570,607,433	-
Financial Lease Liabilities (IFRS 16)	29,535,511	133,917,714	2,101,491	9,214,424	22,443,046	100,158,753
Other Long Term Payables to Related Parties	41,092,615	174,329,348	-	-	-	174,329,348
Trade Payables to Related Parties	5,006,238	5,006,238	5,006,238	-	-	-
Trade Payables to Third Parties	283,951,204	283,951,204	232,839,987	51,111,217	-	-
Total	**12,614,332,710**	**17,127,214,486**	**715,706,245**	**543,969,661**	**15,593,050,479**	**274,488,101**

31 December 2021	Book Value	Contractual cash outflow	0-3 Months	3-12 Months	1-5 Years	> 5 Years
Non-derivative Financial Liabilities						
Financial Liabilities	10,056,394,409	13,929,887,981	395,982,371	389,526,136	6,910,031,296	6,234,348,178
Financial Lease Liabilities (IFRS 16)	29,878,263	134,503,698	5,647,315	2,498,521	6,144,457	120,213,405
Other Long Term Payables to Related Parties	37,092,472	174,329,348	-	-	-	174,329,348
Trade Payables to Related Parties	4,124,009	4,124,009	4,124,009	-	-	-
Trade Payables to Third Parties	64,023,907	64,023,907	52,499,604	11,524,303	-	-
Total	**10,191,513,060**	**14,306,868,943**	**458,253,299**	**403,548,960**	**6,916,175,753**	**6,528,890,931**

Market risk

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

Currency risk

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

As of 30 June 2022 and 31 December 2021, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

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

			30 June 2022
			Original Amounts
	Total TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	796,550,533	47,342,886	446,271
Trade Receivables from Third Parties	420	20	5
Other Receivables from Related Parties	28,827,104	1,730,173	-
Trade Receivables from Related Parties	1,033,771,974	61,958,126	84,217
Total Assets	**1,859,150,031**	**111,031,205**	**530,493**
Liabilities			
Short-term and Long-term Financial Liabilities	(12,254,747,142)	(735,517,252)	-
Short-term Trade Payables to Third Parties	(104,624,215)	(5,443,477)	(801,853)
Short-term Other Payables to Third Parties	(321,115)	(19,273)	-
Short-term Trade Payables to Related Parties	(19,680)	-	(1,133)
Total Liabilities	**(12,359,712,152)**	**(740,980,002)**	**(802,986)**
Foreign Currency Liability Position	**(10,500,562,121)**	**(629,948,797)**	**(272,493)**
Amounts subject to cash flow hedge accounting (*)	**10,829,910,000**	**650,000,000**	-
Net foreign currency position after cash flow hedge	**329,347,879**	**20,051,203**	**(272,493)**

			31 December 2021
			Original Amounts
	Total TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	1,521,432,526	114,092,615	45,872
Trade Receivables from Third Parties	326	19	5
Other Receivables from Related Parties	15,530,258	1,165,148	-
Trade Receivables from Related Parties	122,805,309	9,196,299	15,102
Total Assets	**1,659,768,419**	**124,454,081**	**60,979**
Liabilities			
Short-term and Long-term Financial Liabilities	(10,056,394,409)	(754,474,785)	-
Short-term Trade Payables to Third Parties	(19,289,712)	(866,421)	(513,113)
Short-term Other Payables to Third Parties	(256,890)	(19,273)	-
Short-term Trade Payables to Related Parties	(20,076)	-	(1,331)
Total Liabilities	**(10,075,961,087)**	**(755,360,479)**	**(514,444)**
Foreign Currency Liability Position	**(8,416,192,668)**	**(630,906,398)**	**(453,465)**
Amounts subject to cash flow hedge accounting (*)	**8,663,850,000**	**650,000,000**	**-**
Net foreign currency position after cash flow hedge	**247,657,332**	**19,093,602**	**(453,465)**

(*) Please refer to Note 2.7.

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

Sensitivity analysis

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

Exchange rate sensitivity analysis table		
30 June 2022		
	Increase in Value of foreign currency	**Decrease in value of foreign currency**
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(1,049,582,889)	1,049,582,889
2- TL hedged portion (-)	1,082,991,000	(1,082,991,000)
3- TL net effect (1 + 2)	**33,408,111**	**(33,408,111)**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(473,323)	473,323
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(473,323)**	**473,323**
Total (3 + 6)	**32,934,788**	**(32,934,788)**

Exchange rate sensitivity analysis table		
31 December 2021		
	Increase in Value of foreign currency	**Decrease in value of foreign currency**
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(840,935,137)	840,935,137
2- TL hedged portion (-)	866,385,000	(866,385,000)
3- TL net effect (1 + 2)	**25,449,863**	**(25,449,863)**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(684,129)	684,129
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(684,129)**	**684,129**
Total (3 + 6)	**24,765,734**	**(24,765,734)**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

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

Capital risk managements

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

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

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

As of 30 June 2022 and 31 December 2021 net financial liabilities / equity ratios are as follows:

	30 June 2022	31 December 2020
Total financial liabilities	12,254,747,142	10,056,394,409
Cash and Cash Equivalents	(1,551,864,181)	(1,525,592,118)
Net Financial Liabilities	10,702,882,961	8,530,802,291
Equity	8,850,447,942	9,803,259,940
Net Financial Liabilities / Equity Ratio	**120.93%**	**87.02%**

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

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

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

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

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

Financial liabilities

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

15 Earnings per share

The calculation of basic and diluted Earnings per share for the year ended 30 June 2022; was based on the profit / (loss) attributable to ordinary shareholders of TL 733,067,867 (30 June 2021: TL 55,975,872 and a weighted average number of ordinary shares outstanding of 705,000,000 (year ended 30 June 2021: 701,722,222), as follows:

	1 January - 30 June 2022	**1 January - 30 June 2021**
Numerator:		
Income / (Loss) for the period attributable to owners of the Company	733,067,867	55,975,872
Denominator:		
Weighted average number of shares	702,178,563	701,722,222
Basic and diluted profit /(loss) per share (full TL)	**1.04**	**0.08**

	Shares issued	**Treasury shares**
Outstanding ordinary shares as of 1 January 2022 (Par Value: TL 1)	705,000,000	
Outstanding ordinary shares as of 17 February 2022	704,800,000	1,594,904
Outstanding ordinary shares as of 21 February 2022	704,100,000	5,623,834
Outstanding ordinary shares as of 22 February 2022	704,050,000	402,810
Outstanding ordinary shares as of 23 February 2022	703,740,000	2,480,847
Outstanding ordinary shares as of 1 March 2022	703,240,000	3,878,946
Outstanding ordinary shares as of 9 March 2022	702,740,000	3,497,801
Outstanding ordinary shares as of 11 March 2022	702,576,498	1,154,053
Outstanding ordinary shares as of 16 March 2022	702,376,498	1,478,075
Outstanding ordinary shares as of 23 March 2022	701,876,498	3,847,146
Outstanding ordinary shares as of 7 April 2022	701,696,498	1,511,395
Outstanding ordinary shares as of 11 April 2022	701,396,498	2,670,129
Outstanding ordinary shares as of 13 April 2022	700,896,498	4,578,545
Outstanding ordinary shares as of 18 April 2022	700,596,498	2,882,854
Outstanding ordinary shares as of 25 April 2022	700,396,498	1,916,598
Outstanding ordinary shares as of 18 May 2022	700,196,498	1,692,748
Outstanding ordinary shares as of 25 May 2022	699,896,498	2,496,513
Outstanding ordinary shares as of 9 June 2022	699,596,498	2,540,729
Outstanding ordinary shares as of 16 June 2022	699,566,498	257,500
Outstanding ordinary shares as of 30 June 2022 (Par Value: TL 1)	699,566,498	
Weighted average for the period		**44,505,426**

The weighted average number of shares of the company in the six-month interim period ending on 30 June 2022 is 702,178,563.

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

15 Earnings per share (continued)

2021	**Number of shares**
Outstanding ordinary shares as of 1 January 2021 (Par Value: TL 1)	700,000,000
Capital Increase as of 29 April 2021	5,000,000
1 January to 30 June 2021 (Par Value: TL 1)	705,000,000

The weighted average number of shares of the company in the six-month interim period ending on 30 June 2021 is 701,722,222.

16 Prepaid expenses

As of 30 June 2022 and 31 December 2021, short-term prepaid expenses are as follows:

	30 June 2022	**31 December 2021**
Prepaid Income for the Following Months	15,680,244	22,768,765
Service Advances Given	11,806,053	9,945,845
Business Advances	27,867	100,453
	27,514,164	**32,815,063**

17 Other current and other liabilities

As of 30 June 2022 and 31 December 2021, other liabilities are as follows:

	30 June 2022	**31 December 2021**
Taxes and funds payable	47,430,253	6,439,726
Overdue Deferred or Installed Taxes and Other Payables	2,927,027	10,824,343
Other	6,876	59,364
	50,364,156	**17,323,433**

18 Financial Investments

As of 30 June 2022 and 31 December 2021, financial investments are as follows:

	30 June 2022	**31 December 2021**
Restricted Accounts	329,223,131	-
- Interest Reserve Account related to Eurobond (*)	*323,067,498*	*-*
- Currency Protected Deposits	*6,155,633*	*-*
- Restricted Account related to Guarantees	*-*	*2,704,681*
	329,223,131	**2,704,681**

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

19 Events after the reporting period

- On 05.07.2022, 300,000 shares were bought-back from the TL 8.93 – TL 9.04 price range (average TL 9.009242).

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 5,000,000 on July 13, 2022. The total amount of the transaction is USD 3,749,299.

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 5,000,000 on July 19, 2022. The total amount of the transaction is USD 3,649,757.

- International credit rating agency Fitch Ratings has revised our Company's long term (LTR) rating as "B" which was previously "B+" to reflect its decision to downgrade Turkiye's sovereign rating announced on July 8, 2022. The outlook of our Company has been affirmed as "Negative".

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 2,950,000 on July 20, 2022. The total amount of the transaction is USD 2,152,517.

- On July 28, 2022, International credit rating agency S&P Global Ratings has affirmed Aydem Renewables' long term (LT IDR) rating at "B" and the outlook of our Company has been affirmed as "Stable".

- On August 2, 2022, In order to be transferred into the related investors' accounts, USD 28,261,150 has been paid as the payment of second coupons with regard to our Company's USD 750 million 5.5 year maturity bonds.

- As of August 7, 2022, the application of Investment Incentive Certificate has been approved within the scope of the general-expansion investment project to be realized by our company in the field of electricity generation, transmission and distribution based on the solar power plant (SPP), to which 82.15 MW of mechanical (DC) power - 71.73 MW of electrical (AC) power will be added as an auxiliary source to the 114.30 MW wind power plant (WPP) in Uşak-Banaz by Republic Of Turkey Ministry of Industry and Technology. In this context, Investment Incentive Document No. 537066 was issued on our behalf of the investment project amounting to TL 651,161,675 to be realized with domestic capital.