

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

# **Akenerji Elektrik Üretim A.Ş.**

Condensed consolidated financial statements for the  
interim period ended 1 January - 31 March 2022

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**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2022 AND 31 DECEMBER 2021**

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

		<b>Current period</b>	<b>Prior period</b>
		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1.045.085.569	681.299.003
Derivative instruments	7	397.733.243	328.522.158
Trade receivables			
- Due from related parties	15	346.351.964	250.390.047
- Due from third parties		113.884.743	201.359.055
Other receivables			
- Due from third parties		4.448.430	1.241.120
Inventories		14.289.935	11.117.823
Prepaid expenses		32.432.010	36.989.194
Current income tax assets	9	1.654.100	1.093.049
Other current assets		9.997.219	16.234.262
<b>Total current assets</b>		<b>1.965.877.213</b>	<b>1.528.245.711</b>
<b>Non - current assets</b>			
Other receivables			
- Due from related parties	15	3.257.100	3.017.340
- Due from third parties		7.947.024	4.675.002
Financial investments		100.000	100.000
Inventories		22.805.916	19.156.626
Property, plant and equipment	4	11.279.849.190	11.383.275.666
Right of use assets		40.033.790	32.107.117
Intangible assets	5	104.197.109	104.650.668
Prepaid expenses		1.050.338	923.515
Deferred tax assets	9	249.371	169.548
Other non-current assets		52.254.541	35.514.581
<b>Total non - current assets</b>		<b>11.511.744.379</b>	<b>11.583.590.063</b>
<b>TOTAL ASSETS</b>		<b>13.477.621.592</b>	<b>13.111.835.774</b>

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2022 AND 31 DECEMBER 2021**

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

		Current period	Prior period
		Unaudited	Audited
	Notes	31 March 2022	31 December 2021
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term portion of long term borrowings			
- Bank loans	3	552.340.713	492.950.522
- Lease payables	3	21.413.845	20.545.662
Trade payables			
- Due to related parties	15	109.479.680	77.243.319
- Due to third parties		271.749.896	509.926.486
Employee benefit obligations		2.075.365	1.625.824
Other payables			
- Other payables to third parties		143.562.097	97.674.351
Derivative instruments	7	396.699.564	329.940.405
Current income tax liabilities		406.721	2.157.194
Deferred income		142.255	152.651
Short term provisions			
- Provisions for employee benefits		2.680.884	9.212.905
- Other short - term provisions	6	43.095.673	52.639.592
<b>Total current liabilities</b>		<b>1.543.646.693</b>	<b>1.594.068.911</b>
<b>Non - current liabilities</b>			
Long term borrowings			
- Bank loans	3	9.356.389.106	8.592.425.615
- Lease payables	3	143.778.957	138.560.518
Other payables			
- Due to third parties		297.840.889	230.329.959
Derivative instruments	7	16.728.508	20.251.696
Long term provisions			
- Provisions for employee benefits		14.822.136	12.210.016
Deferred tax liabilities	9	888.501.450	945.784.955
<b>Total non - current liabilities</b>		<b>10.718.061.046</b>	<b>9.939.562.759</b>
<b>EQUITY</b>			
Share capital	8	729.164.000	729.164.000
Adjustments to share capital	8	101.988.910	101.988.910
Share premiums		50.220.043	50.220.043
Other comprehensive income/(expense) not to be reclassified to profit/loss			
Gains/losses on revaluation and remeasurement			
- Increase on revaluation of property, plant and equipment		7.415.922.813	7.497.657.048
- Losses on re-measurement of defined benefit plans		(4.486.601)	(3.786.335)
Other comprehensive income/(expense) to be reclassified to profit/loss			
Losses on hedges			
- Losses on cash flow hedging		(3.821.102)	(4.433.563)
Restricted reserves			
- Legal reserves	8	12.053.172	12.053.172
- Other reserves		(4.322.722)	(4.322.722)
Accumulated losses		(6.718.602.214)	(4.270.074.525)
Net loss for the period		(362.202.446)	(2.530.261.924)
<b>Total equity</b>		<b>1.215.913.853</b>	<b>1.578.204.104</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13.477.621.592</b>	<b>13.111.835.774</b>

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY – 31 MARCH 2022 AND 2021**

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

		<b>Current period</b>	<b>Prior period</b>
		<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January -</b>	<b>1 January -</b>
	<b>Notes</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Revenue	10	2.215.516.635	614.338.615
Cost of sales (-)	10	(1.781.262.675)	(543.706.206)
<b>Gross profit</b>		<b>434.253.960</b>	<b>70.632.409</b>
General administrative expenses (-)		(25.595.828)	(18.324.705)
Other operating income	12	200.794.332	33.643.724
Other operating expenses (-)	12	(190.189.199)	(24.188.489)
<b>Operating profit</b>		<b>419.263.265</b>	<b>61.762.939</b>
Income from investing activities	13	17.991	25.703
<b>Operating profit/(loss) before financial income</b>		<b>419.281.256</b>	<b>61.788.642</b>
Financial income	14	95.369.934	36.892.761
Financial expenses (-)	14	(934.195.012)	(646.843.388)
<b>Loss before tax</b>		<b>(419.543.822)</b>	<b>(548.161.985)</b>
<b>Tax income/(expense)</b>			
Deferred tax income/(expense)	9	57.341.376	98.695.024
<b>Net loss for the period</b>		<b>(362.202.446)</b>	<b>(449.466.961)</b>
<b>Net loss attributable to:</b>			
Equity holders of the parent		(362.202.446)	(449.466.961)
<b>Earnings losses per share - TL</b>		<b>(0,497)</b>	<b>(0,616)</b>

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIODS BETWEEN 1 JANUARY - 31 MARCH 2022 AND 2021****(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)**

	<b>Current period</b>	<b>Prior period</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>1 January -</b>	<b>1 January -</b>
<b>Notes</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Net loss for the period</b>	<b>(362.202.446)</b>	<b>(449.466.961)</b>
<b>Other comprehensive income/(expense)</b>		
<b>Not to be reclassified to profit or loss</b>		
Gains/(losses) on cash flow hedging	765.578	765.581
Deferred tax effect	(153.117)	(153.120)
Actuarial gain/(loss) arising from defined benefit plans	(875.333)	(768.961)
Deferred tax effect	175.067	153.792
<b>Other comprehensive expense</b>	<b>(87.805)</b>	<b>(2.708)</b>
<b>Total comprehensive expense</b>	<b>(362.290.251)</b>	<b>(449.469.669)</b>

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY – 31 MARCH 2022 AND 2021**

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

				Other comprehensi ve income /(expenses) not to be reclassified to profit or loss		Other comprehensive income /(expenses) to be reclassified to profit or loss		Restricted reserves			
	Share capital	Adjustments to share capital	Share premiums	Increase on revaluation of property, plant and equipment	Gains/(losses) on re- measurement of defined benefit plans)	Gains/(losses) on cash flow hedging (**)	Other reserves	Legal reserves	Retained earnings/ (accumulated losses)	Net loss for the period	Total equity
<b>1 January 2021</b>	<b>729.164.000</b>	<b>101.988.910</b>	<b>50.220.043</b>	<b>3.433.690.830</b>	<b>(1.995.920)</b>	<b>(6.917.435)</b>	<b>(4.322.722)</b>	<b>12.053.172</b>	<b>(3.357.696.513)</b>	<b>(1.084.796.458)</b>	<b>(128.612.093)</b>
Transfers	-	-	-	-	-	-	-	-	(1.084.796.458)	1.084.796.458	-
Total comprehensive expense	-	-	-	-	(615.169)	612.461	-	-	-	(449.466.961)	(449.466.669)
Other adjustments (*)	-	-	-	(43.112.022)	-	-	-	-	43.112.022	-	-
<b>31 March 2021</b>	<b>729.164.000</b>	<b>101.988.910</b>	<b>50.220.043</b>	<b>3.390.578.808</b>	<b>(2.611.089)</b>	<b>(6.304.974)</b>	<b>(4.322.722)</b>	<b>12.053.172</b>	<b>(4.399.380.949)</b>	<b>(449.466.961)</b>	<b>(578.081.762)</b>
<b>1 January 2022</b>	<b>729.164.000</b>	<b>101.988.910</b>	<b>50.220.043</b>	<b>7.497.657.048</b>	<b>(3.786.335)</b>	<b>(4.433.563)</b>	<b>(4.322.722)</b>	<b>12.053.172</b>	<b>(4.270.074.525)</b>	<b>(2.530.261.924)</b>	<b>1.578.204.104</b>
Transfers	-	-	-	-	-	-	-	-	(2.530.261.924)	2.530.261.924	-
Total comprehensive expense	-	-	-	-	(700.266)	612.461	-	-	-	(362.202.446)	(362.290.251)
Other adjustments (*)	-	-	-	(81.734.235)	-	-	-	-	81.734.235	-	-
<b>31 March 2022</b>	<b>729.164.000</b>	<b>101.988.910</b>	<b>50.220.043</b>	<b>7.415.922.813</b>	<b>(4.486.601)</b>	<b>(3.821.102)</b>	<b>(4.322.722)</b>	<b>12.053.172</b>	<b>(6.718.602.214)</b>	<b>(362.202.446)</b>	<b>1.215.913.853</b>

(\*) As of 31 March 2022 the depreciation difference between acquisition cost and carrying values of assets subjected to revaluation method is TL 102.167.794 (31 March 2021: TL 43.112.022) and were reclassified under the retained earnings net of the deferred tax impact amounting to TL 81.734.235 (31 March 2021: TL 43.112.022) has been transferred from the revaluation reserve to retained earnings.

(\*\*) Since the Group has ceased to apply hedge accounting on 30 September 2015, "Gains/(losses) on cash flow hedging" which is included in equity, has been recognized in statement of profit or loss during the term of related contracts.

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIODS BETWEEN 1 JANUARY - 31 MARCH 2022 AND 2021**

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

		Current period Unaudited 1 January – 31 March 2022	Prior period Unaudited 1 January – 31 March 2021
	Notes		
<b>A. Cash flows from operating activities</b>		<b>390.161.615</b>	<b>89.425</b>
Net profit/(loss) for the period		(362.202.446)	(449.466.961)
<b>Adjustments to reconcile net profit/(loss) for the period</b>		<b>966.394.556</b>	<b>595.061.538</b>
Adjustments for depreciation and amortisation expenses	11	127.649.059	65.695.243
Adjustments for provisions			
- Adjustment for provisions for employee benefits		4.968.896	1.658.978
- Adjustments for litigation provisions	6	(641.142)	2.098.245
- Adjustments for other provisions	6	(8.902.777)	4.314.781
Adjustments for interest income		(11.220.747)	(4.588.317)
Adjustments for interest expense		284.090.989	156.871.171
Adjustments for unrealized foreign exchange differences		629.181.229	473.611.576
Fair value adjustments			
-Adjustments for fair value of derivative financial instruments		(1.389.575)	(5.905.115)
Adjustments for tax (income)/expense		(57.341.376)	(98.695.024)
<b>Changes in working capital</b>		<b>(201.954.841)</b>	<b>(138.043.494)</b>
Increase/decrease in trade receivables from related parties		(95.961.917)	7.086.726
Increase/decrease in trade receivables from third parties		87.474.312	(6.502.378)
Increase/decrease in other receivables from related parties		(239.760)	(766.200)
Increase/decrease in other receivables from third parties		(6.479.332)	2.316.220
Increase/decrease in inventories		(6.821.402)	(1.187.998)
Increase/decrease in prepaid expenses		4.418.873	(42.414.958)
Increase/decrease in other assets		(10.502.917)	(10.229.429)
Increase/decrease in trade payables to related parties		32.236.361	(6.283.848)
Increase/decrease in trade payables to third parties		(238.176.590)	(91.145.859)
Increase/decrease in derivative financial instruments		(4.585.539)	1.655.626
Increase/decrease in deferred income		(10.396)	(350.400)
Increase/decrease in employee benefit obligations		449.541	280.801
Increase/decrease in other payables		36.243.925	9.498.203
<b>Cash flows from operating activities</b>		<b>402.237.269</b>	<b>7.551.083</b>
Payments related to provisions for employee benefits		(9.764.130)	(7.232.699)
Tax (payments)/receipts		(2.311.524)	(228.959)
<b>B. Cash flows from investing activities</b>		<b>(22.337.532)</b>	<b>3.035.362</b>
Cash inflows due to sale of property, plant and equipment		46.429	3.933.397
Cash outflows due to purchase of property, plant and equipment	4	(22.249.577)	(801.448)
Cash outflows due to purchase of intangible assets	5	(134.384)	(96.587)
<b>C. Cash flows from financing activities</b>		<b>(115.692.338)</b>	<b>(46.040.582)</b>
Payments of lease liabilities		(13.112.967)	(8.277.726)
Interest paid		(2.145.297)	(1.395.462)
Interest received		11.220.747	4.588.306
Other cash inflows/(outflows) (*)		(111.654.821)	(40.955.700)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>252.131.745</b>	<b>(42.915.795)</b>
<b>Cash and cash equivalents at the beginning of the period (*)</b>		<b>617.938.309</b>	<b>167.473.301</b>
<b>Cash and cash equivalents at the end of the period (*)</b>		<b>870.070.054</b>	<b>124.557.506</b>

(\*) Cash and cash equivalents at the beginning of the period and at the end of the period does not include interest accruals and restricted deposits, and the changes in restricted deposits are provided in "Other cash inflows/(outflows)".

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



## AKENERJİ ELEKTRİK ÜRETİM A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED 31 MARCH 2022 AND 2021

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

#### NOTE 1 - ORGANISATION OF GROUP AND NATURE OF OPERATIONS

Akenerji Elektrik Üretim A.Ş. ("the Company" or "Akenerji") is engaged in establishing, renting and operating facilities of electrical energy production plant, producing electricity and trading electricity to the customers. The Company was established by Akkök Sanayi Yatırım ve Geliştirme A.Ş. in 1989 (Akkök Sanayi Yatırım ve Geliştirme A.Ş. is registered as Akkök Holding A.Ş. on 13 May 2014). On 14 May 2009, the Company has become a joint venture between Akkök Holding A.Ş. and CEZ a.s.

The Company is registered in Turkey and its registered address is as follows;

Miralay Şefik Bey Sokak No: 15 Akhan Kat: 3-4 Gümüşsuyu/Istanbul - Turkey

The Company is registered to the Capital Markets Board ("CMB"), and its shares are publicly traded in Istanbul Stock Exchange ("ISE"). As of 31 March 2022, 52,83% of its shares are open for trading (31 December 2021: 52,83%).

As of 31 March 2022, the number of employees employed by Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred called as the "Group") is 274 (31 December 2021: 269).

These condensed consolidated financial statements for the interim period 31 March 2022 have been approved for the issue by the Board of Directors at 9 May 2022.

The nature of business and registered addresses of the entities included in the consolidation ("Subsidiaries") are presented below:

Subsidiaries	Nature of business	Registered address
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. ("Akenerji Toptan")	Electricity trading	Gümüşsuyu / Istanbul
Akel Kemah Elektrik Üretim ve Ticaret A.Ş. ("Akel Kemah")	Electricity production and trading	Gümüşsuyu / Istanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş. ("Akenerji Doğalgaz")	Natural gas trading	Gümüşsuyu / Istanbul
Akel Sungurlu Elektrik Üretim A.Ş. ("Akel Sungurlu")	Electricity production	Gümüşsuyu/Istanbul

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

##### Principles of Preparation of Interim Condensed Consolidated Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/IFRS") issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II - 14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") published on Official Gazette dated 13 June 2013 and numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by POA.

The condensed consolidated financial statements are presented in accordance with "Announcement regarding with TAS/IFRS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIODS ENDED 31 MARCH 2022 AND 2021**

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

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In accordance with the TAS 34 "Interim Financial Reporting", entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Accordingly, these interim condensed consolidated financial statements does not include all required explanatory notes as should be provided and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the derivative financial instruments, financial investments and revaluated property, plant and equipment presented at fair values, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS/IFRS.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its condensed consolidated financial statements in accordance with this decision.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the accounts of the parent company, Akenerji, and its Subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with TAS/IFRS by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies in which Akenerji has the power to control the financial and operating policies for the benefit of itself, either through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself.

The table below sets out all Subsidiaries and demonstrates the proportion of ownership interest and effective interest rate of the Group over the subsidiary as of 31 March 2022 and 31 December 2021:

Subsidiaries	Effective shareholding (%)		Ownership interest (%)	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Akenerji Töptan	100,00	100,00	100,00	100,00
Ak-el Kemah	100,00	100,00	100,00	100,00
Akenerji Doğalgaz	100,00	100,00	100,00	100,00
Akel Sungurlu (*)	-	-	100,00	100,00

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIODS ENDED 31 MARCH 2022 AND 2021**

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the Subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Akenerji and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Company in its subsidiaries are eliminated from income for the period and equity, respectively.

**2.3 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at 31 March 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations effective as of 1 January 2021.

**i) The new standards, amendments and interpretations which are effective as at 31 March 2022 are as follows:**

- Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2,
- Amendments to TFRS 4 Insurance Contracts - deferral of TFRS 9.
- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient

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

**ii) Standards, amendments and interpretations that are issued but not effective as at 31 March 2022**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed 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.

- A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16,
- Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient,
- Amendments to IAS 1, Presentation of financial statements on classification of liabilities,
- Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8,
- Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- TFRS 17, 'Insurance contracts',

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.4 Restatement and errors in the accounting policies and estimates**

Any change in the accounting policies resulted from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

**2.5 Comparatives and restatement of prior year financial statements**

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

**2.6 Critical accounting estimates and judgments**

The preparation of condensed consolidated financial statements necessitates the use of estimates and judgments that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income judgments and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

The estimates and judgments that are material to the carrying values of assets and liabilities are outlined below:

*Deferred tax assets for the carry forward tax losses:*

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits or will be offsetted from the deferred tax liabilities incurred on the temporary differences will be recovered at the same date.

As a result of the studies performed, the Group recognized deferred tax assets on carry forward tax losses amounting to TL 428.183 (31 December 2021: None) as of 31 March 2021. The related deferred tax asset is calculated based on the net income projections of the Group and deferred tax liabilities will be recovered for the foreseeable future. If the net income projections which are explained in are not realized or temporary differences of deferred tax assets and liabilities are recovered in a different period, related deferred tax assets for the carry forward tax losses will be accounted as an expense in the consolidated statements of profit or loss. For the remaining carry forward tax losses amounting to TL 1.818.088.393 (31 December 2021: TL 1.772.510.100), the Group did not recognize deferred tax assets since the Group believes those will not be utilized in the foreseeable future.

*Explanations for revaluation method and fair value measurement*

The Group has chosen revaluation method instead of historical cost model as an accounting policy among application methods mentioned under TAS 16 for lands, land improvements, buildings, machinery and equipment belonging its power plants commencing from 30 September 2015.

An independent valuation firm has been authorized for revaluation because using of long term price expectation, electricity generation, profit margin between electricity and natural gas prices ("spark spread"), and capacity utilization rate forecasts which are sensitive to sectoral and economic variables and also complexity of inputs and calculations. As of 31 December 2021, the fair value which is determined with valuation study by an independent valuation company which has CMB licence, is used for lands, land improvements, buildings, machinery and equipment. In the aforementioned valuation and impairment studies, "income reduction method - discounted cash flow analysis " was applied.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2021 aims to determine fair value of lands, land improvements, buildings, machineries and equipment of Uluabat hydroelectric power plant (HPP), Ayyıldız wind farm power plant (WFPP), Burç HPP, Feka I HPP, Feka II HPP, Bulam HPP, Gökkaya HPP, Himmetli HPP and Erzin Natural Gas Combined Cycle Power Plant (NGCCPP) which are belong to Akenerji assets.

Since long term electricity prices and spark spreads are the most important inputs of "Income Approach - discounted cash flow analysis", an independent consultancy and technology firm, which operates in energy market, has been hired. The most important inputs of model determine long term electricity prices are; long term electricity demand, entrance of new plants, exit of old plant, renewable total capacity, evolution of capacity factor, natural gas and coal prices, evolution of electricity import - export, and development in the efficiency of thermal plants.

Increase in the electricity price used in model leads to an increase in the fair value by increasing generation for Erzin. For generation, feasibility studies, which is calculated with 50 year hydrology information and historical data used for hydros and Ayyıldız. The discount rate used in valuation models prepared on the basis of USD has been determined as 9,52% which is in line with the current macroeconomic market conditions. The increase in the discount rate has a negative effect on the fair value of the power plants.

**2.7 Going concern**

The Group considers it is appropriate to prepare its consolidated financial statements on a going concern basis in a foreseeable future.

In the period ended on March 31, 2022, although the total production amount of the Group decreased compared to same period of the previous year, electricity prices increased due to the increase in the foreign exchange rate, the problems in natural gas supply throughout the country, the gas cuts and the increase in electricity demand leads to significant increase in the unit profit margins of Erzin and renewable power plants. In addition to this, a high level of operational availability and ancillary services market operations (Primary Frequency Control and Secondary Frequency Control services), as a result of the revenues obtained, a significant increase has occurred in the consolidated gross margin of the Group. Moreover, the Group continues its physical electricity exports and financial electricity products transactions in 2022, intensifying its commercial activities in this field and increased its foreign exchange revenue.

As part of its daily operations, the Group considers all opportunities that could be in favor of the Group and may positively affect the cash flows of the Group. The Group prepares its consolidated financial statements with the assumption that the business will continue its activities in a predictable future, as a result of the actions it has taken to increase its operational profitability and cash flows from its operations, and Group does not foresee any risk regarding the continuity of the business. The Group's earnings before interest, depreciation and tax ("EBITDA") as of 31 March 2022 is TL 546.912.324 (31 March 2021: TL 127.458.182) and cash flows from its operations are TL 402.237.269 (31 March 2021: TL 7.551.083).

Natural gas purchases have an important place in the production costs due to the production activities of the Group's Erzin combined natural gas conversion plant. As of the first quarter of 2022, due to the cost increases in the European Gas Markets, gas supply was provided by Botaş, the most cost-effective supplier, making a positive contribution to the gross profit and the Group minimized potential opportunity losses. In addition, developments in the gas market for the coming periods will continue to be followed closely and new supply opportunities will be evaluated.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Group has been extended its liabilities to 13 years by restructuring its USD 859 million loan and also restructuring the payment of the loan condition to 1.5 year without any payment as TL and USD on 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring". With the aforementioned Loan Agreement, the repayment schedule of the loan was arranged according to the estimated cash-generating capacity of the Group, which has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. In addition, decreasing the tranches of USD liabilities within total bank loans from 87% to 55% has also significantly reduced the foreign currency risk the Group is exposed to.

With the Communiqué of Ministry of Commerce issued on the official gazette dated 15 September 2018 regarding the regulation on loss of capital and excess of liabilities over assets in relation to Article 376 of Turkish Commercial Code numbered 6102, it has been decided that, unrealized foreign exchange losses incurred from the foreign exchange based financial liabilities which are not yet fulfilled can be excluded on the calculation of loss of capital and excess of liabilities over assets. With the amendment made dated on 26 December 2020 in the provisional article 1 of the Communiqué on the Procedures and Principles regarding the implementation of Article 376 of the Turkish Commercial Code, until January 1, 2023, in calculations regarding capital loss or being insolvent, all of the exchange difference losses arising from foreign currency liabilities that have not yet been performed It has been arranged that half of the total of the expenses, depreciation and personnel expenses incurred in 2020 and 2021 from leases may not be taken into account. In relation to this regulation, it is calculated that, unrealized foreign exchange losses recognised under retained earnings/(losses) amounting to TL 5.207.598.586 and recognised under consolidated statement of profit or loss amounting to TL 613.788.389, in total amounting to TL 5.821.386.975 will be excluded on the calculation of loss of capital and excess of liabilities over assets by adding back to the total equity. Accordingly, there is no either issue of loss of capital or excess of liabilities over assets for the Group. The Group, as aware of all of its short term and long term liabilities, has been taking the necessary actions maintain its operations in a healthy financial structure within the framework of proactive approach.

**NOTE 3 - BORROWINGS**

The details of borrowings of the Group as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
<b>Short-term portion of long term borrowings</b>		
-Bank loans	552.340.713	492.950.522
-Lease liabilities	21.413.845	20.545.662
<b>Total short-term portion of long term borrowings</b>	<b>573.754.558</b>	<b>513.496.184</b>
<b>Long term borrowings</b>		
-Bank loans	9.356.389.106	8.592.425.615
-Lease liabilities	143.778.957	138.560.518
<b>Total long term borrowings</b>	<b>9.500.168.063</b>	<b>8.730.986.133</b>
<b>Total short term and long term borrowings</b>	<b>10.073.922.621</b>	<b>9.244.482.317</b>

Letters of guarantee given, pledges and mortgages related to financial liabilities are disclosed in Note 6.

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

**NOTE 3 - BORROWINGS (Continued)**

As of 31 March 2022 and 31 December 2021, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

<b>31 March 2022</b>				
	<b>Currency</b>	<b>Effective Interest rate %</b>	<b>Original Amount</b>	<b>Amount in TL</b>
Short - term portion of long - term bank loans	USD	7,92	37.735.666	552.340.713
Short - term portion of long - term lease liabilities	EUR	3,40	1.362.087	22.182.263
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	3,40	(250.723)	(4.083.151)
Short - term portion of long - term lease liabilities	TL	17,54	3.314.733	3.314.733
<b>Total short-term borrowings</b>				<b>573.754.558</b>
Long term bank loans	USD	7,92	438.883.671	6.423.984.181
Long term bank loans	TL	12,28	2.932.404.925	2.932.404.925
Long - term lease liabilities	EUR	3,40	7.880.100	128.331.368
Interest cost of long - term lease liabilities (-)	EUR	3,40	(1.292.146)	(21.043.239)
Long - term lease liabilities	TL	17,54	36.490.828	36.490.828
<b>Total long-term borrowings</b>				<b>9.500.168.063</b>
<b>31 December 2021</b>				
	<b>Currency</b>	<b>Effective Interest rate %</b>	<b>Original Amount</b>	<b>Amount in TL</b>
Short - term portion of long - term bank loans	USD	7,92	36.983.308	492.950.522
Short - term portion of long - term lease liabilities	EUR	3,40	1.435.867	21.662.500
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	3,40	(268.405)	(4.049.350)
Short - term portion of long - term lease liabilities	TL	17,46	2.932.512	2.932.512
<b>Total short-term borrowings</b>				<b>513.496.184</b>
Long term bank loans	USD	7,92	430.835.620	5.742.607.978
Long term bank loans	TL	12,28	2.849.817.637	2.849.817.637
Long - term lease liabilities	EUR	3,40	8.535.108	128.766.615
Interest cost of long - term lease liabilities (-)	EUR	3,40	(1.413.049)	(21.318.254)
Long - term lease liabilities	TL	17,46	31.112.157	31.112.157
<b>Total long-term borrowings</b>				<b>8.730.986.133</b>

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 - BORROWINGS (Continued)**

As of 31 March 2022, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2021: All of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4%).

The details of redemption schedule of the long term bank borrowings as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Up to 1 - 2 years	495.412.892	442.143.840
Up to 2 - 3 years	5.094.653.973	4.788.931.670
Up to 3 - 4 years	506.735.446	452.248.941
Up to 4 - 5 years	550.387.572	491.207.391
More than 5 years	2.709.199.223	2.417.893.773
	<b>9.356.389.106</b>	<b>8.592.425.615</b>

The principal repayment schedule of the Group's long-term finance lease obligations as at 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022	31 December 2021
Up to 1-2 years	21.297.682	19.116.830
Up to 2-3 years	19.757.627	18.886.255
Up to 3-4 years	20.334.400	18.166.102
Up to 4-5 years	20.051.613	18.023.766
Up to 5-6 years	19.832.199	18.646.643
Up to 6-7 years	12.063.017	19.280.762
Up to 7-8 years	356.062	1.262.493
Up to 8-9 years	309.390	78.798
Up to 9-10 years	348.081	91.784
More than 10 years	29.428.886	25.007.085
	<b>143.778.957</b>	<b>138.560.518</b>

As of 31 March 2022 and 2021, the movements of borrowings are as follows:

	2022	2021
<b>1 January</b>	<b>9.244.482.317</b>	<b>6.082.363.432</b>
Change in unrealized foreign exchange differences	629.181.229	473.611.576
Change in interest accruals	209.670.578	142.589.668
Changes in lease liabilities	9.346.677	3.690.631
Cash flow impact	(18.758.180)	(9.673.188)
<b>31 March</b>	<b>10.073.922.621</b>	<b>6.692.582.119</b>



**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT**

	1 January 2022	Additions	Disposals	31 March 2022
<b>Cost</b>				
Lands	477.108	-	-	477.108
Land improvements (*)	5.697.107.633	2.365.435	-	5.699.473.068
Buildings	1.488.895.630	3.400.828	-	1.492.296.458
Machinery and equipment (**)	5.576.803.115	3.687.822	-	5.580.490.937
Motor vehicles	3.403.627	45.313	-	3.448.940
Furnitures and fixtures	15.699.486	434.269	(49.160)	16.084.595
Leasehold improvements	5.508.880	22.000	-	5.530.880
Construction in progress	57.531.476	12.293.910	-	69.825.386
	<b>12.845.426.955</b>	<b>22.249.577</b>	<b>(49.160)</b>	<b>12.867.627.372</b>
<b>Accumulated depreciation</b>				
Land improvements	(547.938.338)	(47.773.243)	-	(595.711.581)
Buildings	(104.809.321)	(10.840.224)	-	(115.649.545)
Machinery and equipment	(796.804.228)	(66.387.479)	-	(863.191.707)
Motor vehicles	(1.317.430)	(179.139)	-	(1.496.569)
Furnitures and fixtures	(9.949.645)	(377.945)	2.731	(10.324.859)
Leasehold improvements	(1.332.327)	(71.594)	-	(1.403.921)
	<b>(1.462.151.289)</b>	<b>(125.629.624)</b>	<b>2.731</b>	<b>(1.587.778.182)</b>
<b>Net book value</b>	<b>11.383.275.666</b>			<b>11.279.849.190</b>

(\*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 31 March 2022, the total amount of accumulated depreciation of related land improvement is TL 68.455.

(\*\*) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 31 March 2022, the total amount of accumulated depreciation of the related machinery and equipment is TL 25.840.425.

Current period depreciation expense amounting to TL 125.326.597 has been included in cost of sales and TL 303.027 has been included in general administrative expenses.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 – PROPERTY, PLANT AND EQUIPMENT (Continued)**

	1 January 2021	Additions	Disposals	31 March 2021
<b>Cost</b>				
Lands	281.604	-	-	281.604
Land improvements (*)	3.548.054.553	-	(2.715.579)	3.545.338.974
Buildings	768.945.929	-	(1.250.703)	767.695.226
Machinery and equipment (**)	3.023.010.773	529.151	-	3.023.539.924
Motor vehicles	1.614.793	-	-	1.614.793
Furnitures and fixtures	12.432.469	221.677	-	12.654.146
Leasehold improvements	4.387.138	50.620	-	4.437.758
Construction in progress	31.519.284	-	-	31.519.284
	<b>7.390.246.543</b>	<b>801.448</b>	<b>(3.966.282)</b>	<b>7.387.081.709</b>
<b>Accumulated depreciation</b>				
Land improvements	(438.057.666)	(27.426.141)	23.410	(465.460.397)
Buildings	(83.690.735)	(5.278.646)	9.475	(88.959.906)
Machinery and equipment	(670.791.066)	(31.346.390)	-	(702.137.456)
Motor vehicles	(1.002.251)	(67.377)	-	(1.069.628)
Furnitures and fixtures	(9.106.818)	(185.028)	-	(9.291.846)
Leasehold improvements	(1.069.298)	(65.586)	-	(1.134.884)
	<b>(1.203.717.834)</b>	<b>(64.369.168)</b>	<b>32.885</b>	<b>(1.268.054.117)</b>
<b>Net book value</b>	<b>6.186.528.709</b>			<b>6.119.027.592</b>

(\*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 31 March 2021, the total amount of accumulated depreciation of related land improvement is TL 55.416.

(\*\*) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 31 March 2021, the total amount of accumulated depreciation of the related machinery and equipment is TL 20.918.438.

Current period depreciation expense amounting to TL 64.191.917 has been included in cost of sales and TL 177.251 has been included in general administrative expenses.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

There are no borrowing costs capitalized in the cost of construction in progress for the period ended 31 March 2022 (31 March 2021: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 31 March 2022 and 31 December 2021 are disclosed in Note 6.

**NOTE 5 - INTANGIBLE ASSETS**

	1 January 2022	Additions	31 March 2022
<b>Costs</b>			
Rights	8.045.421	109.574	8.154.995
Licenses	126.819.925	24.810	126.844.735
	<b>134.865.346</b>	<b>134.384</b>	<b>134.999.730</b>
<b>Accumulated amortisation</b>			
Rights	(6.686.334)	(106.229)	(6.792.563)
Licenses	(23.528.344)	(481.714)	(24.010.058)
	<b>(30.214.678)</b>	<b>(587.943)</b>	<b>(30.802.621)</b>
<b>Net book value</b>	<b>104.650.668</b>		<b>104.197.109</b>
	1 January 2021	Additions	31 March 2021
<b>Costs</b>			
Rights	7.948.834	96.587	8.045.421
Licenses	126.007.599	-	126.007.599
	<b>133.956.433</b>	<b>96.587</b>	<b>134.053.020</b>
<b>Accumulated amortisation</b>			
Rights	(6.267.299)	(104.794)	(6.372.093)
Licenses	(21.662.872)	(431.357)	(22.094.229)
	<b>(27.930.171)</b>	<b>(536.151)</b>	<b>(28.466.322)</b>
<b>Net book value</b>	<b>106.026.262</b>		<b>105.586.698</b>

Current period amortisation expense amounting to TL 98.669 (31 March 2021: TL 52.985) has been included in cost of sales and remaining TL 489.274 (31 March 2021: TL 483.166) has been included in general administrative expenses.

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**NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES****a) Other short - term provisions**

As of 31 March 2022, there are various lawsuits against or in favor of the Group. The Group management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The amount of provisions for the lawsuits as of 31 March 2022 is TL 38.033.168 (31 December 2021: TL 38.674.310).

	31 March 2022	31 December 2021
Litigation provision	38.033.168	38.674.310
Periodical maintenance provisions	5.062.505	13.965.282
	<b>43.095.673</b>	<b>52.639.592</b>

The movements of litigation provision are as follows:

	2022	2021
<b>1 January</b>	<b>38.674.310</b>	<b>36.531.270</b>
Current period charges (*)	1.250	2.501.899
Interest charges of litigation provision	119.215	669.792
Released provisions	(761.607)	(1.073.446)
<b>31 March</b>	<b>38.033.168</b>	<b>38.629.515</b>

(\*) Current period charges consist of additional litigation provision amounting to TL 1.250 (31 March 2021: TL 2.501.899) and interest expense arising from existing litigation amounting to TL 119.215 (31 March 2021: TL 669.792).

**b) Contingent liabilities****- Guarantees given**

The commitments and contingent liabilities of the Group those are not expected to be resulted in a significant loss or liability to the Group are summarized below:

	Original currency	31 March 2022		31 December 2021	
		Original Amount	TL equivalent	Original Amount	TL Equivalent
Letters of guarantees given	TL	344.885.454	344.885.454	108.800.927	108.800.927
	USD	624.456	9.140.225	624.456	8.323.374
	EUR	-	-	200.000	3.017.340
			<b>354.025.679</b>		<b>120.141.641</b>

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 EMRA, vendors whom electricity purchased and electricity transmission and distribution related government authorities, to the tax authorities within the scope of VAT returns) and to the judicial authorities for some of the on-going lawsuits.

**NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

		31 March 2022		31 December 2021	
	Currency	Original currency	TL equivalent	Original currency	TL equivalent
<b>GPMs given by the Group</b>					
A. GPMs given					
for companies' own legal entity	TL	6.763.346.298	6.763.346.298	6.527.261.770	6.527.261.770
	USD	918.140.056	13.438.907.814	918.140.056	12.237.888.806
	EUR	-	-	200.000	3.017.340
B.Total amount of GPM given for the subsidiaries and associates in the scope of consolidation	-	-	-	-	-
C.Total amount of GPM given for the purpose of maintaining operating activities	-	-	-	-	-
D.Total other GPMs given	-	-	-	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-	-	-	-
ii) Total amount of CPMB's given to on behalf of other which are not in scope of B and C.	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
			<b>20.202.254.112</b>		<b>18.768.167.916</b>

As of 11 November 2019, within the scope of financial restructuring between our company Akenerji (“Borrower”) and Yapı ve Kredi Bankası A.Ş., a total of USD 859 million refinancing loan agreement for the maturity of 13 years has been concluded, in order to provide refinancing and maturity extension of all existing debts of our company. In addition to the related loan agreement, Akenerji signed agreements for the Transfer of Receivables, Transfer of Epiş Receivables, Real Estate and Supreme Rights to constitute the collateral of the refinancing loans amounting to USD 465 million and TL 2.271.037.258. In accordance with the Movable Pledge Agreements signed between Akenerji and the Bank, a movable pledge with a total value of TL 6.418.460.843 and a second order of USD 917.515.600 has been established, creating an upper limit for Akenerji. In addition, Yapı ve Kredi Bankası A.Ş. has been determined as a pledge creditor in the insurance policies of power plants as a crew.

- **Sales and purchase commitments**

Within the scope of electricity energy sales agreements made with energy companies, the Group has committed to sell 790.616 MWh of energy physically in 2022, and within the scope of the related commitment, 790.616 MWh of energy has been sold as of 31 March 2022.

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**NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

The Group has committed to purchase 160.810 MWh of physical electricity energy within the scope of electricity energy purchase agreements with energy companies in 2022 and as of 31 March 2022, 61.810 MWh of the electricity energy was committed to be purchased is completed.

As of 31 March 2022, the Group does not have any physical purchase or sales electricity protocols that it has committed to perform in 2023 and beyond.

*Natural gas purchase commitments:*

The Group has a 622 mcm take-or-pay commitment for 2022. In the first quarter of 2022, approximately 23% of the commitment amount has been completed. The Group does not have any minimum purchase commitment regarding the Botaş Contracts of previous years.

*Other matters*

Kemah Hydroelectric Power Plant project in the Group, which is 198 MW of installed power higher, reservoir capacity, and also with Turkey's leading locations of hydropower projects. The State Hydraulic Works Final Project approval process of the project, which is planned to be established in Erzincan and expected to generate an average of 560 GWh of electricity per year, was completed in 2017, the license was modified in 2020 and the pre - construction period was extended. The currently working Kemah HPP passes through the lake area will be under water (inundated) after the completion of the project. The relocation of this line will be made by the state as a public investment, and it will be included in the upcoming investment plan by Turkey Republic State Railways and the Ministry of Transport. The Group plans to make the necessary preparatory work for the project after mentioned relocation plan realized. As of March 31, 2022, the carrying value of the related investment in the statement of financial position of the Group is TL 85.243.819.

**c) Contingent assets**
**Guarantees received**

		31 March 2022		31 December 2021	
	Currency	Original Currency	TL Equivalent	Original currency	TL Equivalent
Letters of guarantees received	TL	22.712.444	22.712.444	51.724.699	51.724.699
	EUR	26.400	429.937	-	-
	USD	229.000	3.351.896	229.000	3.052.341
Notes of guarantees received	TL	1.752.401	1.752.401	1.752.432	1.752.432
	USD	590.544	8.643.852	590.544	7.871.361
	EUR	33.800	550.450	33.800	509.930
	GBP	5.675	108.850	5.675	101.961
Cheques of guarantees received	TL	106.000	106.000	106.000	106.000
	USD	16.650	243.708	16.650	221.928
Mortgages received	TL	3.242.000	3.242.000	3.242.000	3.242.000
			<b>41.141.538</b>		<b>68.582.652</b>

Letters of guarantees received, in general, comprised of the letters of guarantees received from the customers in relation to the Group's electricity sales operations.

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**NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>31 March 2022</b>		<b>31 December 2021</b>	
	<b>Contract amount</b>	<b>Fair value</b>	<b>Contract amount</b>	<b>Fair value</b>
Forward contracts				
- Short - term	50.497.995	16.753.742	64.154.970	17.609.139
Forward term electricity purchase and sale contracts				
- Short - term	110.468.064	380.979.501	194.200.945	310.913.019
<b>Derivative financial assets</b>	<b>160.966.059</b>	<b>397.733.243</b>	<b>258.355.915</b>	<b>328.522.158</b>
Interest rate swaps				
- Short - term	574.030.469	15.903.868	522.730.058	19.253.373
- Long - term	603.795.012	16.728.508	549.834.579	20.251.696
Forward term electricity purchase and sale contracts				
- Short - term	110.651.862	380.795.696	214.777.082	310.687.032
<b>Derivative financial liabilities</b>	<b>1.288.477.343</b>	<b>413.428.072</b>	<b>1.287.341.719</b>	<b>350.192.101</b>

Movement of derivative instruments during the period is as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>21.669.943</b>	<b>51.686.425</b>
To be reclassified to profit or loss	(5.975.114)	(4.249.491)
- Financial (income)/expense	(6.017.296)	(4.485.421)
- Other operating (income)/expensxe	42.182	235.930
<b>31 March</b>	<b>15.694.829</b>	<b>47.436.934</b>

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**NOTE 8 - EQUITY****Share capital**

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares whose nominal value is TL 1 ("One Turkish Lira"). As of 31 March 2022 and 31 December 2021 the share capital held is as follows:

	31 March 2022	31 December 2021
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company's shareholders and shareholding structure as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022		31 December 2021	
	Share (%)	Amount	Share (%)	Amount
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu")	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
		<b>729.164.000</b>		<b>729.164.000</b>
Adjustment to share capital		101.988.910		101.988.910
<b>Total paid-in capital</b>		<b>831.152.910</b>		<b>831.152.910</b>

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr for each where no privilege rights are provided for any kind of shares.

**Share premium**

Share premiums presented in the consolidated financial statements represent the proceeds from the excess of the amount of shares compared to their nominal values.

**Reserves**

	31 March 2022	31 December 2021
Legal reserves	12.053.172	12.053.172
	<b>12.053.172</b>	<b>12.053.172</b>

Turkish Commercial Code stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.



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**NOTE 9 - TAX ASSETS AND LIABILITIES**

	31 March 2022	31 December 2021
Current income tax expenses	-	2.352.631
Prepaid taxes	(1.247.379)	(1.288.486)
<b>Current income tax liabilities/ (Current income tax assets), net</b>	<b>(1.247.379)</b>	<b>1.064.145</b>

*Corporation tax*

The Group is subject to corporate tax in Turkey. Necessary provisions have been made in the financial statements for the estimated tax liabilities of the Group related to the current period activity results.

The corporate tax rate in Turkey is 20%. However, in accordance with the provisional article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% within the corporate income for the 2022 taxation period. The corporate tax rate is applied to the net corporate income to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, and deducting the exemptions and deductions stated in the tax laws. Losses can be carried forward for offset against future taxable income for up to 5 years. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

In Turkey, there is no practice to reconcile with the tax authority on taxes payable. The corporate tax return is submitted until the evening of the 30th day of the fourth month following the end of the accounting period and is paid until the end of the month.

Companies in Turkey calculate temporary tax at the rate of 20% over their quarterly financial profits (23% for the taxation period of 2022, 20% for the following years) and declared until the 17th day of the second month following that period. pay by the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if there is an amount of advance tax paid, this amount can be refunded or deducted in cash.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2022.

*Income tax withholding*

Limited taxpayer that earn income through by a permanent establishment or permanent representative and paid to companies (dividends) resident in Turkey not subject to withholding tax. Dividend payments made to persons other than these are subject to 10% withholding tax. The profit included to the capital is not a profit distribution.

The details of tax income / expense for the period ended 31 March 2022 and 2021 are as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Deferred tax(expense)/income	57.341.376	98.695.024
	<b>57.341.376</b>	<b>98.695.024</b>

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**NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)***Deferred taxes*

	31 March 2022	31 December 2021
Deferred tax assets	249.371	169.548
Deferred tax liabilities	(888.501.450)	(945.784.955)
<b>Deferred tax assets, net</b>	<b>(888.252.079)</b>	<b>(945.615.407)</b>

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in compliance with TAS and its statutory tax financial statements. The temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Laws.

The tax rate used in the calculation of deferred tax assets and liabilities is 23% for temporary differences expected to close in 2022 and 20% for temporary differences expected to close in the following years.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Deferred tax assets on tax losses	(428.183)	-	98.482	-
Derivative instruments	(7.340.797)	-	1.462.647	-
Investment incentives (*)	(329.574.956)	(254.871.979)	65.914.991	50.974.396
Provisions for lawsuits	(1.610.220)	(1.946.519)	370.351	447.699
Provision for employment termination benefit	(8.808.488)	(7.351.045)	1.761.698	1.470.209
Provision for unused vacations	(1.500.878)	(845.975)	300.176	169.195
Adjustments to property, plant and equipment	4.554.678.797	5.043.009.996	(911.223.846)	(1.009.566.716)
Adjustments to borrowings	233.397.302	(56.066.434)	(47.070.261)	11.279.661
Other	(581.233)	1.753.963	133.683	(389.851)
<b>Deferred tax assets/(liabilities), net</b>			<b>(888.252.079)</b>	<b>(945.615.407)</b>

(\*) Within the scope of former Article 19 of Income Taxation Law, the related amount of investment incentive is mainly due to investment expenditures of Uluabat HEPP.

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**NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)**

Details of tax losses on which deferred taxes are recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

<b>Year incurred</b>	<b>Year can be used</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
2022	2027	428.183	-
		<b>428.183</b>	<b>-</b>

Details of tax losses on which deferred taxes are not recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

<b>Year incurred</b>	<b>Year can be used</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
2017	2022	43.471.558	43.471.558
2018	2023	148.406.201	148.406.201
2019	2024	133.261.860	133.261.859
2020	2025	262.766.426	262.948.530
2021	2026	1.182.638.233	1.184.421.952
2022	2027	47.544.115	-
		<b>1.818.088.393</b>	<b>1.772.510.100</b>

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**NOTE 10 - REVENUE AND COST OF SALES****a) Revenue**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Electricity sales revenue	1.522.714.250	437.875.338
Revenue on sharing of imbalance savings	555.306.227	75.251.660
Revenue on seconder frequency control	67.412.220	20.127.516
Revenue on loading instructions	45.047.678	54.145.135
Revenue on capacity mechanism	19.263.391	18.605.210
Other revenues	5.772.869	8.333.756
	<b>2.215.516.635</b>	<b>614.338.615</b>

**b) Cost of sales**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Direct raw materials consumed and cost of electricity purchased(*)	1.595.867.855	441.737.544
Depreciation and amortisation expenses	125.946.832	64.416.694
Maintenance and repair expenses	23.861.951	19.966.411
Personnel expenses	19.489.726	10.675.527
Insurance expenses	5.443.668	3.824.885
Other materials and spare parts consumed	2.443.630	1.117.452
Other expenses	8.209.013	1.967.693
	<b>1.781.262.675</b>	<b>543.706.206</b>

(\*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

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**NOTE 11- EXPENSES BY NATURE**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Direct raw materials consumed and cost of electricity purchased (*)	1.595.867.855	441.737.544
Depreciation and amortisation expenses (**)	127.649.059	65.695.243
Personnel expenses (***)	32.860.584	19.526.361
Maintenance and repair expenses	23.861.951	19.966.411
Insurance expenses (****)	5.558.069	3.897.527
Taxes and duties	3.789.039	1.355.490
Other materials and spare parts consumed	2.443.630	1.117.452
IT expenses	1.990.638	1.313.241
Office expenses	1.218.849	798.979
Consultancy expenses	1.164.856	1.900.873
Vehicle expenses	474.153	212.466
Advertising and sponsorship expenses	214.497	1.361.889
Travel expenses	152.244	136.050
Other expenses	9.613.079	3.011.385
	<b>1.806.858.503</b>	<b>562.030.911</b>

(\*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

(\*\*) Depreciation and amortization expenses amounting to TL 125.946.832 (31 March 2021: TL 64.416.694) is classified in cost of sales, TL 1.702.227 (31 March 2021: TL 1.278.549 ) of amortization and depreciation expenses is classified in general administrative expenses.

(\*\*\*) Personnel expenses amounting to TL 19.489.726 (31 March 2021: TL 10.675.527) is classified in cost of sales, TL 13.370.858 (31 March 2021: TL 8.850.834) is classified in general and administrative expenses.

(\*\*\*\*) Insurance expenses amounting to TL 5.443.668 (31 March 2021: TL 3.824.885) is classified in cost of sales, TL 114.401 (31 March 2021: TL 72.642) is classified in general and administrative expenses.

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**NOTE 12 - OTHER OPERATING INCOME AND EXPENSE****a) Other operating income**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Profits from forward electricity purchase and sale contracts	101.667.384	6.757.668
Gain on risk sharing contracts	72.284.652	3.121.095
Foreign exchange gains from trading activities	22.898.593	13.999.999
Gain on futures and options markets	1.754.456	358.608
Provisions no longer required (*)	1.147.185	2.242.876
Income from compensation	-	4.547.628
Other income	1.042.062	2.615.850
	<b>200.794.332</b>	<b>33.643.724</b>

(\*) As of 31 March 2022, TL 761.607 (31 March 2021: TL 1.073.446) of the provisions no longer required comprised of released provisions of litigation provisions, TL 298.938 premium provisions (31 March 2021: TL 872.758) and TL 86.640 of other provisions (31 March 2021: TL 296.672).

**b) Other operating expense**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Losses from forward electricity purchase and sale contracts	101.709.579	6.993.595
Losses on risk sharing contracts	72.226.600	3.418.555
Foreign exchange losses from trading activities	11.210.108	11.117.838
Losses on futures and options market	3.597.021	84.072
Provisions for litigations	1.250	2.501.899
Other expenses	1.444.641	72.530
	<b>190.189.199</b>	<b>24.188.489</b>

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**NOTE 13 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES****a) Income from investing activities**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Dividend income	17.991	25.703
	<b>17.991</b>	<b>25.703</b>

**NOTE 14 - FINANCIAL INCOME AND EXPENSES****a) Financial income**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Foreign exchange gain	57.789.486	15.804.142
Gain on derivative financial instruments	26.361.880	16.512.308
Interest income	11.218.568	4.576.311
	<b>95.369.934</b>	<b>36.892.761</b>

**b) Financial expenses**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Foreign exchange losses	609.954.383	465.697.341
Interest and commission expenses	227.348.348	152.854.106
Losses on derivative financial instruments	17.058.192	13.970.603
Other financial expenses (*)	79.834.089	14.321.338
	<b>934.195.012</b>	<b>646.843.388</b>

(\*) For the period 1 January - 31 March 2022, TL 77.154.751 (1 January - 31 March 2021: TL 13.515.921) of the respective amount is comprised of the indexation difference of the liability due to Uluabat DSI Water Use Agreement calculated by WPT.

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**NOTE 15 - RELATED PARTY DISCLOSURES****a) Transaction with related parties***- Purchases from related parties*

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") <sup>(1) (****)</sup>	62.381.797	16.784.037
Cez a.s. <sup>(2) (*)</sup>	71.924.062	3.482.895
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa") <sup>(3) (**)</sup>	3.453.783	1.031.035
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") <sup>(4) (**)</sup>	2.906.785	1.562.305
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. ("Aktek") <sup>(5) (**)</sup>	2.060.206	1.326.109
Ak-Han Bakım Yön. Serv. Hiz. Güv. Malz. A.Ş. ("Ak-Han") <sup>(6) (**)</sup>	1.393.541	849.850
Akkök Holding A.Ş. ("Akkök") <sup>(7) (*)</sup>	215.948	186.516
	<b>144.336.122</b>	<b>25.222.747</b>

(1) Comprised of purchase of electricity and sharing of instability savings.

(2) Comprised of purchase of electricity and risk sharing contracts.

(3) Comprised of sharing of instability savings.

(4) Comprised of insurances purchased from insurance companies by the intermediary of Dinkal.

(5) Comprised of IT services received.

(6) Comprised of building maintenance and other services received.

(7) Comprised of rent service received.

*- Sales to related parties*

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Sepaş <sup>(1) (****)</sup>	1.106.344.184	257.021.253
Cez a.s. <sup>(2) (*)</sup>	112.229.921	8.494.622
Aksa <sup>(3) (**)</sup>	4.616.397	823.025
Other	205.141	53.285
	<b>1.223.395.643</b>	<b>266.392.185</b>

(1) In general, comprised of sales of electricity and sharing of instability.

(2) Comprised of sales of electricity and risk sharing contracts.

(3) Comprised of sharing of instability.

(\*) Shareholder.

(\*\*) Akkök Holding group company.

(\*\*\* ) Cez a.s. group company.

(\*\*\*\*) Akkök Holding and Cez a.s. group company.



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**NOTE 15 - RELATED PARTY DISCLOSURES (Continued)****b) Balances with related parties***- Short-term trade receivables from related parties*

	31 March 2022	31 December 2021
Sepaş (1) (****)	297.025.832	218.683.718
CEZ a.s. (2) (*)	47.176.121	28.469.183
Aksa (3) (**)	1.979.082	3.155.715
Akcez (4) (****)	12.489	9.222
CEZ a.s. Turkey Daimi Tem. (5) (***)	14.014	7.007
Other	144.426	65.202
	<b>346.351.964</b>	<b>250.390.047</b>

(1) Comprised of receivables from sales of electricity and sharing of instability.

(2) Comprised of receivables from sales of electricity and risk sharing.

(3) Comprised of receivables from sharing of instability.

(4) Comprised of receivables from comprised of consultancy services provided.

(5) Comprised of receivables from sales of rental income.

The average maturity days of trade receivables from related parties is 20 days.

*- Other receivables from related parties*

	31 March 2022	31 December 2021
Cez a.s. (1) (*)	3.257.100	3.017.340
	<b>3.257.100</b>	<b>3.017.340</b>

(1) Comprised of cash collateral given amounting to EUR 200.000 within the scope of electricity exported (31 December 2021: comprised of EUR 200.000 cash collateral given).

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

**NOTE 15 - RELATED PARTY DISCLOSURES (Continued)****- Short-term trade payables to related parties**

	31 March 2022	31 December 2021
CEZ a.s. <sup>(1) (*)</sup>	39.382.282	27.441.061
Dinkal <sup>(2) (**)</sup>	31.794.033	27.388.992
Sepaş <sup>(3) (****)</sup>	29.955.245	14.343.760
CEZ a.s. Turkey Daimi Tem. <sup>(4) (***)</sup>	3.429.640	3.177.178
Akkök <sup>(5) (*)</sup>	1.787.289	1.787.289
Aksa <sup>(6) (**)</sup>	1.156.963	1.260.766
Aktek <sup>(7) (**)</sup>	906.959	815.116
Ak-Han <sup>(8) (**)</sup>	581.595	586.887
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. <sup>(9) (**)</sup>	485.674	442.270
	<b>109.479.680</b>	<b>77.243.319</b>

(1) Comprised of purchase of electricity and risk sharing contracts.

(2) Comprised of payables to Dinkal for the insurances purchased from insurance companies by the intermediary of Dinkal.

(3) Comprised of the payables related to electricity and sharing of instability.

(4) Comprised of the payables related to consultancy services received.

(5) Comprised of the payables related to consultancy and rent services received.

(6) Comprised of the payables related to electricity and sharing of instability.

(7) Comprised of the payables related to IT services and equipment purchased.

(8) Comprised of the payables related to office maintenance and management services received.

(9) Comprised of the payables related to aviation services received.

(\*) Shareholder.

(\*\*) Akkök Holding group company.

(\*\*\* CEZ a.s. group company.

(\*\*\*\*) Akkök Holding and CEZ a.s. group company.

The average maturity days of trade payables from related parties is 30 days.

**c) Key management compensation**

For the purpose of these consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 31 March 2022	1 January - 31 March 2021
Bonus payment	4.575.002	4.335.110
Salaries and benefits	2.024.129	1.562.866
Attendance fee	219.513	190.881
	<b>6.818.644</b>	<b>6.088.857</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 16 - FINANCIAL RISK MANAGEMENT**

**- Foreign exchange risk**

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to local currency. Foreign exchange risk arises from future obligations as well as foreign currency denominated assets and liabilities. These risks are monitored and limited by the monitoring of the foreign currency position. In order to manage this risk, foreign exchange purchases are made from spot markets and derivative instruments are used. The management limits the foreign currency position of the Group through analyzing it. The Group has reduced its exposure to currency risk by converting a significant portion of its USD denominated loans into TL with the refinancing it has made within the scope of Financial Restructuring on 11 November 2019. In addition to these, the Group has reduced its exposure to currency risk by creating a natural hedge mechanism from USD based revenues obtained within the scope of Turkish Renewable Energy Resources Support Mechanism.

The details of the foreign currency assets and liabilities as of 31 March 2022 and 31 December 2021 are as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
Assets	1.098.454.546	722.918.542
Liabilities	(7.211.493.169)	(6.439.469.773)
<b>Net financial position</b>	<b>(6.113.038.623)</b>	<b>(5.716.551.231)</b>
Net position of derivative instruments	50.497.995	62.646.300
<b>Foreign currency position (net)</b>	<b>(6.062.540.628)</b>	<b>(5.653.904.931)</b>

# AKENERJİ ELEKTRİK ÜRETİM A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED 31 MARCH 2022 AND 2021

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

### NOTE 16 – FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group at 31 March 2022 and 31 December 2021 and their TL equivalent are as follows:

			31 March 2022				31 December 2021	
	TL Equivalent	USD	Euro	Other	TL Equivalent	USD	Euro	Other
Trade receivables	229.493.650	12.455.851	2.896.817	-	185.955.883	11.815.343	1.887.038	-
Monetary financial assets	858.237.598	52.524.698	5.491.285	1	529.751.142	36.069.333	3.246.741	22
<b>Current assets</b>	<b>1.087.731.248</b>	<b>64.980.549</b>	<b>8.388.102</b>	<b>1</b>	<b>715.707.025</b>	<b>47.884.676</b>	<b>5.133.779</b>	<b>22</b>
Monetary financial assetsvarlıklar	10.723.298	3.401	655.400	-	7.211.517	3.400	475.001	-
<b>Non-current assets</b>	<b>10.723.298</b>	<b>3.401</b>	<b>655.400</b>	<b>-</b>	<b>7.211.517</b>	<b>3.400</b>	<b>475.001</b>	<b>-</b>
<b>Total assets</b>	<b>1.098.454.546</b>	<b>64.983.950</b>	<b>9.043.502</b>	<b>1</b>	<b>722.918.542</b>	<b>47.888.076</b>	<b>5.608.780</b>	<b>22</b>
Trade payables	104.877.840	3.829.924	2.997.684	4	74.633.027	5.232.306	324.234	-
Financial liabilities	570.439.825	37.735.666	1.111.364	-	510.563.671	36.983.309	1.167.462	-
Other monetary liabilities	4.897.339	334.584	-	-	4.211.404	315.958	-	-
<b>Short-term liabilities</b>	<b>680.215.004</b>	<b>41.900.174</b>	<b>4.109.048</b>	<b>4</b>	<b>589.408.102</b>	<b>42.531.573</b>	<b>1.491.696</b>	<b>-</b>
Financial liabilities	6.531.272.310	438.883.671	6.587.954	-	5.850.056.339	430.835.620	7.122.059	-
Other monetary liabilities	5.855	400	-	-	5.332	400	-	-
<b>Long-term liabilities</b>	<b>6.531.278.165</b>	<b>438.884.071</b>	<b>6.587.954</b>	<b>-</b>	<b>5.850.061.671</b>	<b>430.836.020</b>	<b>7.122.059</b>	<b>-</b>
<b>Total liabilities</b>	<b>7.211.493.169</b>	<b>480.784.245</b>	<b>10.697.002</b>	<b>4</b>	<b>6.439.469.773</b>	<b>473.367.593</b>	<b>8.613.755</b>	<b>-</b>
<b>Net Asset(Liability) Position of Statement of Financial Position Derivative Instruments</b>	<b>50.497.995</b>	<b>3.450.000</b>	<b>-</b>	<b>-</b>	<b>64.154.970</b>	<b>4.700.000</b>	<b>100.000</b>	<b>-</b>
Off statement of financial position foreign currency derivative assets	50.497.995	3.450.000	-	-	64.154.970	4.700.000	100.000	-
Off statement of financial position foreign currency derivative liabilities	-	-	-	-	-	-	-	-
<b>Net foreign currency asset(liability) position</b>	<b>(6.062.540.628)</b>	<b>(412.350.295)</b>	<b>(1.653.500)</b>	<b>(3)</b>	<b>(5.652.396.261)</b>	<b>(420.779.517)</b>	<b>(2.904.975)</b>	<b>22</b>
<b>Net foreign currency asset(liability) position of monetary items</b>	<b>(6.113.038.623)</b>	<b>(415.800.295)</b>	<b>(1.653.500)</b>	<b>(3)</b>	<b>(5.716.551.231)</b>	<b>(425.479.517)</b>	<b>(3.004.975)</b>	<b>22</b>
<b>Total fair value of financial instruments used for foreign currency hedging</b>	<b>16.753.742</b>	<b>1.144.608</b>	<b>-</b>	<b>-</b>	<b>17.609.139</b>	<b>1.311.603</b>	<b>8.404</b>	<b>-</b>
<b>Export</b>	<b>134.144.551</b>	<b>-</b>	<b>8.494.732</b>	<b>-</b>	<b>112.229.921</b>	<b>-</b>	<b>9.574.674</b>	<b>-</b>
<b>Import</b>	<b>107.916.563</b>	<b>3.094.667</b>	<b>4.256.509</b>	<b>428</b>	<b>167.497.865</b>	<b>10.706.220</b>	<b>5.549.631</b>	<b>7.712</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

**NOTE 16 - FINANCIAL RISK MANAGEMENT (Continued)**

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EURO. As of 31 March 2022 and 2021, the following table details of Group's sensitivity to a 10% increase and decrease in the TL against relevant foreign currencies, all other variables held constant. The sensitivity analysis includes only monetary items in open foreign currency at the end of the year, and the positive effect of Turkish Renewable Energy Resources Support Mechanism revenues in foreign currency on operating profit is not taken into account in this calculation.

	31 March 2022			
	Appreciation of foreign currency	Profit /Loss Depreciation of foreign currency	Appreciation of foreign currency	Equity Depreciation of foreign currency
<b>+/- 10% fluctuation of USD rate</b>				
1- USD net asset/liability	(608.611.050)	608.611.050	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(608.611.050)</b>	<b>608.611.050</b>	-	-
<b>+/- 10% fluctuation of EUR rate</b>				
4- EUR net asset/liability	(2.692.807)	2.692.807	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(2.692.807)</b>	<b>2.692.807</b>	-	-
<b>+/- 10% fluctuation of other currencies rate against to TL</b>				
7- Other currencies net asset/liability	(6)	6	-	-
8- Part of hedged from other currencies risk (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>(6)</b>	<b>6</b>	-	-
<b>Total (3+6+9)</b>	<b>(611.303.863)</b>	<b>611.303.863</b>	-	-

  

	31 December 2021			
	Appreciation of foreign currency	Profit /Loss Depreciation of foreign currency	Appreciation of foreign currency	Equity Depreciation of foreign currency
<b>+/- 10% fluctuation of USD rate</b>				
1- USD net asset/liability	(567.121.648)	567.121.648	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(567.121.648)</b>	<b>567.121.648</b>	-	-
<b>+/- 10% fluctuation of EUR rate</b>				
4- EUR net asset/liability	(4.533.516)	4.533.516	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(4.533.516)</b>	<b>4.533.516</b>	-	-
<b>+/- 10% fluctuation of other currencies rate against to TL</b>				
7- Other currencies net asset/liability	40	(40)	-	-
8- Part of hedged from other currencies risk (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>40</b>	<b>(40)</b>	-	-
<b>Total (3+6+9)</b>	<b>(571.655.124)</b>	<b>571.655.124</b>	-	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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**NOTE 17 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS**

**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.

*Financial liabilities*

The fair values of floating rate and short-term bank borrowings and other financial liabilities are estimated to converge to their fair values.

**Fair value hierarchy table**

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

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

As of 31 March 2022, the Group has short-term and long-term liabilities from derivative financial instruments amounting to TL 396.699.564 (31 December 2021: TL 329.940.405) and TL 16.728.508 (31 December 2021: TL 20.251.696) respectively and current assets TL 397.733.243 (31 December 2021: TL 328.522.158) which are categorized as level 2.

Fair value of the lands, land improvements, buildings, machinery and equipment of the Group's power plants were measured by a professional independent valuation company on 31 December 2021 through other valuation techniques involving direct and indirect observable inputs (Level 3) (Note 2.6).

**NOTE 18 – SUBSEQUENT EVENTS**

None.

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