

**(Convenience translation of consolidated financial
statements originally issued in Turkish)**

**MARGÜN ENERJİ ÜRETİM
SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2023**

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CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023, AND DECEMBER 31, 2022
(Amounts expressed in Turkish Lira ("TL"))

ASSETS	Notes	Current Period	Prior Period
		30 September 2023	Audited 31 December 2022
Cash and cash equivalents	5	404,122,928	286,608,504
Financial investment	4	-	261,929,096
Trade receivables		671,572,012	588,202,101
- <i>Trade receivables from third parties</i>		671,572,012	588,202,101
Other receivables		616,308	497,766,656
- <i>Other receivables from related parties</i>	6	-	497,096,796
- <i>Other receivables from third parties</i>		616,308	669,860
Derivative financial instruments		12,722,502	8,983,912
Inventories		3,112,498	3,102,892
Prepaid expenses		41,564,895	18,863,185
Assets related to current tax	19	6,442,702	769,040
Other current assets	13	2,468,126	12,648,010
Total current assets		1,142,621,971	1,678,873,396
Other receivables		3,667,137	3,314,617
- <i>Other receivables from third parties</i>		3,667,137	3,314,617
Financial investment	4	1,744,422,468	-
Derivative financial instruments		35,915,919	29,885,535
Investment properties		429,314,778	356,338,730
Tangible assets	8	8,596,861,832	5,865,116,968
Intangible assets	9	164,822	181,384
Prepaid expenses		146,545	920
Deferred tax assets	19	391,326,195	-
Total non-current assets		11,201,819,696	6,254,838,154
TOTAL ASSETS		12,344,441,667	7,933,711,550

1The accompanying notes are an integral part of these condensed consolidated financial statements.

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023, AND DECEMBER 31, 2022
(Amounts expressed in Turkish Lira (“TL”).)

LIABILITIES	Notes	Current Period 30 September 2023	Prior Period Audited 31 December 2022
Short-term borrowings	7	56,281,617	101,091,050
Short-term portions of long-term borrowings	7	624,252,390	343,695,401
Other financial liabilities	7	51,487	86,608
Trade payables		414,144,357	393,292,188
- <i>Trade payables to third parties</i>		414,144,357	393,292,188
Other payables		3,395,600	2,534,758
- <i>Other payables to related parties</i>	6	-	40,535
- <i>Other payables to third parties</i>		3,395,600	2,494,223
Payables related to employee benefits		3,545,633	1,052,105
Deferred income		5,332,736	5,018,373
Short-term provisions		929,389	395,818
- <i>Short-term provisions for employee benefits</i>	12	929,389	395,818
Other current liabilities	13	21,744,390	2,252,096
Current liabilities		1,129,677,599	849,418,397
Long-term borrowings	7	1,836,014,248	1,042,467,168
Trade payables		-	-
- <i>Trade payables to third parties</i>		65,570	-
Long-term provisions		1,735,811	350,316
- <i>Long-term provisions for employee benefits</i>	12	1,735,811	350,316
Deferred tax liabilities	19	666,631,752	73,732,753
Non-current liabilities		2,504,447,381	1,116,550,237
Paid-in capital	14	410,000,000	410,000,000
Repurchased shares		(9,107,977)	-
Premiums/ discounts related to shares	14	724,943,924	724,943,924
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss			
- <i>Accumulated Gain on Revaluation of Non-Current Assets</i>	14	6,645,728,928	4,106,943,705
- <i>Accumulated gain on remeasurement of defined benefit plans</i>	14	(1,014,562)	56,041
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss			
- <i>(Losses) on cash flow hedges</i>	14	(1,043,837,255)	(606,189,951)
Reserves on retained earnings		18,286,332	5,804,001
Prior years' profit/ (loss)		1,303,702,885	692,065,997
Net profit for the period		661,614,412	634,119,199
Equity attributable to owners of the company		8,710,316,687	5,967,742,916
Non-Controlling Interests		-	-
Total equity		8,710,316,687	5,967,742,916
TOTAL LIABILITIES		12,344,441,667	7,933,711,550

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIODS
ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL").)

		Current Period	Prior Period	Current Period	Prior Period
		1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
	Notes				
Revenue	3	470,240,922	519,244,254	216,977,432	244,829,353
Cost of Sales (-)	3	(290,745,936)	(278,009,350)	(133,982,127)	(128,425,610)
Gross profit		179,494,986	241,234,904	82,995,305	116,403,743
General and administrative expenses (-)	15	(53,951,496)	(15,521,008)	(16,627,328)	(6,027,837)
Other income from operating activities	16	228,263,396	413,788,752	52,509,695	72,554,607
Other expenses from operating activities (-)	16	(101,859,136)	(98,798,592)	(22,346,363)	(13,417,056)
Operating profit		251,947,750	540,704,056	96,531,309	169,513,457
Income from investing activities	17	698,589,129	90,436	4,358,549	-
Expense from investing activities (-)		(2,727,270)	-	-	-
Operating profit before finance expense		947,809,609	540,794,492	100,889,858	169,513,457
Financial income	18	133,737,016	-	31,294,897	-
Financial expenses (-)	18	(297,249,359)	-	(111,248,223)	-
Profit before taxation		784,297,266	440,098,300	20,936,532	146,302,228
- Deferred tax income/ (expense)	19	(122,682,854)	6,266,728	(9,026,971)	10,432,062
Profit/ (Loss) for the period		661,614,412	446,365,028	11,909,561	156,734,290
Owners of the company		661,614,412	446,365,028	11,925,386	156,734,290
		-	-	-	-
OTHER COMPREHENSIVE INCOME		2,100,067,316	234,055,938	83,442,025	50,100,828
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss					
Tangible Asset Revaluation Increase		2,729,804,768	-	468,203,476	-
Deferred tax (expense)		(191,019,545)	-	(314,095,954)	-
Accumulated Gain on remeasurement of defined benefit plans	11	(1,389,200)	(51,569)	(1,121,790)	(77,483)
Deferred tax (expense)		318,597	10,314	265,115	15,497
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss					
Other comprehensive income related with cash flow hedge		(557,232,189)	292,621,491	(90,406,582)	62,703,517
Deferred tax (expense)		119,584,885	(58,524,298)	20,023,045	(12,540,703)
TOTAL COMPREHENSIVE INCOME		2,761,681,728	680,420,966	95,539,586	206,835,118
Earnings/ (loss) per share (TL)	20	1,61	1.09	0,03	0.38

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts expressed in Turkish Lira (“TL”).)

					Accumulated Other Comprehensive Income or (Expenses) that will be Reclassified to Profit or (Loss)	Accumulated Other Comprehensive Income or (Expenses) that will not be Reclassified to Profit or (Loss)						
	Paid-in capital	Premiums/ discounts related to shares	Repurchased shares	Reserves on retained earnings	Gain/ losses on hedge	Accumulated gain/ (loss) on remeasurement of defined benefit plans	Accumulated gain on revaluation of noncurrent assets	Prior year's profit	Profit for the period	Equity attributable to owners of the company	Non- controlling interests	Total equity
1 January 2022	410,000,000	724,943,924	-	-	(360,095,783)	74,309	2,761,824,343	(242,620,830)	1,010,190,828	4,304,316,791	-	4,304,316,791
Transfers	-	-	-	5,804,001	-	-	-	1,004,386,827	(1,010,190,828)	-	-	-
Total comprehensive income	-	-	-	-	(234,097,193)	(41,255)	-	-	-	(234,138,448)	-	(234,138,448)
Dividend (-)	-	-	-	-	-	-	-	(69,700,000)	-	(69,700,000)	-	(69,700,000)
Profit for the period	-	-	-	-	-	-	-	446,365,028	446,365,028	446,365,028	-	446,365,028
30 September 2022	410,000,000	724,943,924	-	5,804,001	(594,192,976)	33,054	2,761,824,343	692,065,997	446,365,028	4,446,843,371	-	4,446,843,371
1 January 2023												
Transfers	-	-	-	12,482,331	-	-	-	621,636,868	(634,119,199)	-	-	-
Total comprehensive income	-	-	-	-	(437,647,304)	(1,070,603)	2,538,785,223	-	-	2,100,067,316	-	2,100,067,316
Dividend (-)	-	-	-	-	-	-	-	(9,999,980)	-	(9,999,980)	-	(9,999,980)
Increase (Decrease) Due to Share												
Buyback	-	-	(9,107,977)	-	-	-	-	-	-	(9,107,977)	-	(9,107,977)
Profit for the period	-	-	-	-	-	-	-	661,614,412	661,614,412	661,614,412	-	661,614,412
30 September 2023	410,000,000	724,943,924	(9,107,977)	18,286,332	(1,043,837,255)	(1,014,562)	6,645,728,928	1,303,702,885	661,614,412	8,710,316,687	-	8,710,316,687

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TL"))

		Current Period	Prior Period
		1 January – 30 September 2023	1 January – 30 September 2022
	Notes		
A, CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Period			
Adjustments related to reconciliation of net profit for the period		661,614,412	446,365,028
Adjustments related to depreciation and amortization expenses	8,9	130,559,646	80,303,647
Adjustments for losses/(gains) on disposal of fixed assets		(499,196)	(90,436)
Adjustments related to impairment of financial assets		(620,840,796)	(234,097,193)
Adjustments related to fair value			(227,251,716)
Adjustments for unrealized foreign exchange (gain)/losses		300,545,459	-
Adjustments related to provision for unused vacations	12	(72,976,048)	381,761
Adjustments related to interest income	18	533,571	(1,318,288)
Adjustments for fair value of derivative financial instruments		(105,902,493)	-
Adjustments related to retirement pay provision expenses		2,076,118	377,516
Adjustments related to tax expense	19	529,013	(64,791,025)
Adjustments deferred tax income/ (expense)		122,854,522	(64,791,025)
Movements in working capital		418,494,208	(120,706)
Adjustments related to increase/decrease in trade receivables		(83,369,911)	(252,728,239)
Adjustments related to increase/decrease in inventories		(9,606)	(14,038,517)
Adjustments related to increase/decrease in other receivables		(513,089)	(3,200,274)
Adjustments related to increase/decrease in prepaid expenses		(22,847,334)	(13,259,268)
Adjustments related to increase/decrease in other assets		10,179,884	325,144
Adjustments related to increase/decrease in trade payables		20,852,169	145,548,621
Adjustments related to increase/decrease in other payables		901,377	1,874,525
Adjustments related to increase/decrease in deferred income		314,363	(2,040,443)
Adjustments related to increase/decrease in other liabilities		19,557,864	(168,291)
Adjustments related to increase/decrease in employee benefits		2,493,528	225,821
Income taxes paid	19	(5,673,662)	500,394
Other cash inflows/(outflows)		(1,278,183)	-
Cash generated from operations		359,101,608	(137,081,233)
B, CASH FLOWS FROM INVESTING ACTIVITIES			
Cash used in capital increase of subsidiaries, investment in associates		(1,123,581,672)	-
Cash Outflows from Derivative Instruments		(3,845,475)	(371,920,823)
Cash outflows from the purchase of tangible and intangible assets (-)	8,9	(158,350,262)	(75,058,923)
Cash inflows from the sale of tangible and intangible assets		24,562,285	191,970
Adjustments related to tangible asset increase/decrease		1,673,612	-
Interest received	18	103,826,375	1,318,288
Change on financial assets		261,929,096	-
Cash flows from investing activities		(893,786,041)	(445,469,488)
C, CASH FLOWS FROM FINANCING ACTIVITIES			
Cash obtained from/used for other receivables from related parties/other payables to related parties		497,056,262	(65,655,378)
Repurchased shares		(9,107,977)	-
Cash obtained used for financial borrowings		985,475,010	294,184,188
Interest Paid	18	(685,189,666)	(68,966,135)
Dividends paid		(126,034,792)	(69,700,000)
Cash flows from financing activities		652,198,857	89,862,675
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		117,514,424	(492,688,046)
D, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		286,608,504	901,294,060
Balance at the end of the period		404,122,928	408,606,014

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts expressed in Turkish Lira (“TL”))

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Margün Enerji Üretim Sanayi ve Ticaret Anonim Şirketi (“Margün Enerji”):

Margun Enerji Üretim Sanayi ve Ticaret Anonim Şirketi was established in Turkey in 2014, in order to obtain electricity from Renewable Energy Sources, especially Solar Energy, it operates on the establishment, commissioning of power plants, electricity generation, installation and commitment of power generation facilities,

The Company's registered address is Kızılırmak Mahallesi 1450 Sokak 1/67, Çankaya/Ankara,

As of 30 September 2023 the average number of employees in the Group is 84 (31 December 2022: 72 employee),

The Group's installed power (kWp) related to producing as follow;

Country	County	Installed power (kWp)	Producing power (kWe)
Ankara	Akyurt Kahramankazan Kızılcahamam Polatlı	25,833	22,581
Yozgat	Akdağmadeni Sorgun	6,675	5,690
Nevşehir	Merkez	10,318	8,991
Afyon	Dazkırı Sinanpaşa	15,485	13,780
Bilecik	Söğüt	2,147	1,998
Konya	Selçuklu Tuzlukçu	19,351	17,000
Antalya	Elmalı	3,516	3,540
Eskişehir	Sivrihisar	3,373	2,970
Adana	Çukurova	11,152	9,930
Muğla	Milas	20,170	14,000
Total		118,020	100,480

Approval of the consolidated financial statements

The condensed consolidated financial statements for the period ended 30 September 2023, have been approved and authorized to be published on 23 October 2023 by the Board of Directors, General Assembly has the authorization to amend the consolidated financial statements.

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts expressed in Turkish Lira (“TL”))

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

Basis of preparation of financial statements and accounting policies

The Company and its subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation,

The accompanying condensed consolidated financial statements are prepared in accordance with the Turkish Accounting Standards put into effect by the KGG, with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14,1 “Basis of Financial Reporting in Capital Markets” (“Communiqué”), which was published in the Official Gazette No:28676 on 13 June 2013,

The condensed consolidated financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB,

The financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards and Interpretations (“TAS/TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority under Article 5 of the Communiqué,

The accompanying consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments at fair value, land and buildings in property, plant and equipment at revalued amount value,

POA made an announcement on 20 January 2022 regarding the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021, The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021, As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29, As a result, no inflation adjustment was made to the accompanying financial statements as of 30 June 2023 in accordance with TAS 29,

Basis of Measurement

The consolidated financial statements have been prepared on the basis of historical cost free from inflation effects that ended on December 31, 2004, excluding the items measured at fair value stated below:

- Financial investments,
- Lands and parcels, underground and above ground landscapes, buildings and plant machinery and equipments within tangible assets,

Functional and Reporting Currency

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency), The functional currency of the Company and its subsidiaries are determined as Turkish Lira (“TL”), The financial position and the financial results of each entity are expressed in TL, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL"))

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

Basis of Presentation (cont'd)

Subsidiaries

Subsidiaries are the entities controlled by the Company when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee,

Subsidiaries that have control over activities are taken into the scope of consolidation as of the date it is transferred to the Group and on the date of transferring back the control are also excluded from the scope of consolidation, If necessary, the subsidiaries in order to comply with the Group's accounting policy adjustments are made to the financial statements in accounting policies,

Subsidiaries have been consolidated statement of financial position and income statements using the full consolidation method and the book values and equity of the subsidiaries owned by Margün Enerji are mutually offset, Intercompany transactions and balances between the Company and its subsidiaries have been eliminated on consolidation level, The cost of the shares owned by the Company's value and dividends arising from these are eliminated from the related equity and income statement,

Subsidiaries	Field of operation	Shareholding rate (%)	Voting right (%)
Bosphorus Yenilenebilir Enerji A,Ş,	Energy	100	100
Agah Enerji Üretim Sanayi ve Ticaret A,Ş	Energy	100	100
Angora Elektrik Üretim A,Ş	Energy/Repair and Maintenance Services	100	100
Anatolia Yenilenebilir Enerji A,Ş,	Energy	100	100
Troya Yenilenebilir Enerji Ticaret A,Ş,	Energy	100	100
Soleil Yenilenebilir Enerji Ticaret A,Ş,	Energy	100	100
Enerji Teknoloji Yazılım A,Ş,	Software	100	100

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MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL"))

**NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

2.4 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

Amendments to TAS 1 *Disclosure of Accounting Policies*

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

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

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17,

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MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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**NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

New and Amended Turkish Financial Reporting Standards (CONT'D)

b- New and revised TFRSs in issue but not yet effective

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies,

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17,

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted,

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**NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(CONT’D)**

New and Amended Turkish Financial Reporting Standards (CONT’D)

b) New and revised TFRSs in issue but not yet effective (cont’d)

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

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

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

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

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

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

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

Summary of Significant Accounting Policies

Interim condensed consolidated financial statements for the period ended at 30 June 2023 has been prepared in accordance with TAS 34 which for the preparation of interim financial statements, In addition, significant account policies adopted period ended June 2023 interim condensed consolidated financial statements are consistent with significant accounting policies used in the preparation of financial statements as of 31 December 2022, Accordingly, these interim consolidated financial statements should be considered together with the financial statements as of 31 December 2022,

As of 30 September 2023, the voting rights and effective shareholding ratios of the fully consolidated subsidiaries did not change from the ratios reported as of 31 December 2022, as explained in Note 2,1,

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NOTE 3 – BUSINESS COMBINATIONS

Country	30 September 2023		30 September 2022	
	Production amount (KWh)	Sales amount / TL	Production amount (KWh)	Sales amount / TL
Adana	13,479,332	40,194,532	13,357,605	28,737,558
Muğla	26,227,358	87,997,472	26,389,418	70,078,748
Bilecik	2,414,377	7,446,593	2,562,176	5,590,975
Afyon	19,213,250	58,419,456	20,057,965	43,555,612
Nevşehir	13,079,652	39,781,765	12,650,205	27,575,594
Ankara	29,739,873	91,012,846	30,560,285	66,589,747
Yozgat	8,144,106	24,855,663	7,943,718	17,310,600
Antalya	4,801,737	14,389,126	4,883,921	10,510,739
Eskişehir	4,188,978	12,712,226	4,330,565	9,365,517
Konya	25,042,841	76,036,377	24,619,843	53,507,709
Total	146,331,504	452,846,056	147,355,701	332,822,799

	EPC	Construction Contracting	30 September 2023
Domestic Sales	452,846,056	17,394,866	470,240,922
Cost of sales (-)	(285,638,911)	(5,107,025)	(290,745,936)
Gross Profit (Loss)	167,207,145	12,287,841	179,494,986

	EPC	Construction Contracting	30 September 2022
Domestic Sales	332,822,799	186,421,455	519,244,254
Cost of sales (-)	(187,239,067)	(90,770,283)	(278,009,350)
Gross Profit (Loss)	145,583,732	95,651,172	241,234,904

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

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NOTE 4 – FINANCIAL INVESTMENT

As of 30 September 2023 and 31 December 2022, the details of the Group's financial investments are as follows;

Short-term financial investments

As of 30 September 2023, the details of the Group's financial investments are as follows:

	30 September	
	2023	31 December 2022
Currency Protected Deposit Account (KKMH)	-	179,656,451
Stocks	-	82,272,645
Total	-	261,929,096

As of 30 June 2023, the annual average interest rate for currency protected deposits is 13,5%,

30 December 2023

	Nominal value	Fair Value
KKMH	175,705,678	179,656,451
Total	175,705,678	179,656,451

31 December 2022

	Nominal value	Fair Value
KKMH	175,705,678	179,656,451
Total	175,705,678	179,656,451

Long-term financial investments

	30 September 2023	31 December 2022
Financial assets carried at fair value difference through profit or loss (*)	1,744,422,468	-
Total	1,744,422,468	-

(*) The group owns 30,39% of Enda Energy Holding Inc, The company is not listed on the stock exchange, The fair value difference of the company, classified as a long-term financial investment reflected in profit or loss, arises from Enda Energy, The fair value increase is accounted for in income from investment activities

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NOTE 5 – CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash on hand	60,309	1,462
Cheques in process	170,327,046	-
Cash at banks	233,710,726	286,582,193
Demand deposits	63,474,096	149,336,003
Time deposits	170,236,630	137,246,190
Other liquid assets	24,847	24,849
	404,122,928	286,608,504

As of 30 September 2023 the Company has no blocked deposits on cash and cash equivalents (31 December 2022: none).

(*)The entire balance belongs to Esenboğa Elektrik Üretim A.Ş. and was collected on October 3, 2023 and October 4, 2023.

NOTE 6 – RELATED PARTIES

a) Other receivables

	30 September 2023	31 December 2022
Naturel Holding A.Ş. (***)	-	319,366,964
Yusuf Şenel (*)	-	-
Esenboğa Elektrik Üretim A.Ş.(**)	-	177,729,832
Naturel Yenilenebilir Enerji Ticaret A.Ş.	-	-
Total	-	497,096,796

(*) Ultimate parent

(**) Shareholders

(***) The payment due date of the amount that The Group will receive from Naturel Holding A.Ş. is 22 September 2023. An annual interest rate of %35 is calculated for the relevant amount.

b) Other payables

	30 September 2023	31 December 2022
Yusuf Şenel	-	-
Diğer	-	40,535
Total	-	40,535

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NOTE 6 – RELATED PARTIES (CONT'D)

c) Interest expense

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Esenboğa Elektrik Üretim A.Ş.	2,498,761	4,847,604	(15,000)	(426,745)
Naturel Holding A.Ş.	24,827,271	-	18,559,974	(14,396,589)
Total	27,326,032	4,847,604	18,544,974	(14,823,334)

d) Interest income

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Esenboğa Elektrik Üretim A.Ş.	2,834,453	8,279	-	(2,916,793)
Naturel Holding A.Ş.	283,540	-	(505,109)	(36,513,925)
Total	3,117,993	8,279	(505,109)	(39,430,718)

NOTE 7 - FINANCIAL LIABILITIES

As of 30 September 2023 and 31 December 2022, the details of the Group's short and long term financial liabilities as below;

	30 September 2023	31 December 2022
Short-term bank loans	56,281,617	101,091,050
Short-term portions of long-term borrowings	624,252,390	343,695,401
Other financial liabilities	51,487	86,608
Short term financial liabilities	680,585,494	444,873,059
Long term bank loans	1,836,014,248	1,042,467,168
Long term financial liabilities	1,836,014,248	1,042,467,168
Total financial liabilities	2,516,599,742	1,487,340,227

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NOTE 7 - FINANCIAL LIABILITIES (CONT'D)

The repayment schedule of the financial liabilities are as follows;

	30 September 2023	31 December 2022
Within 1 year	840,039,001	444,786,451
Between 1-5 years	1,488,382,321	1,042,467,168
5 years overdue	188,126,933	-
Total financial liabilities	2,516,548,255	1,487,253,619

As of 30 September 2023 and 31 December 2022 movements of financial liabilities is as follows;

Financial Liabilities	30 September 2023	31 December 2022
Opening - 1 January	1,487,253,619	1,218,544,541
New financial liabilities received	985,475,010	97,091,050
Payments	(685,154,545)	(319,837,677)
Currency differences	697,755,939	488,122,315
Effect of TFRS 9	816,556	(497,530)
Change in interest accrued	30,401,676	3,830,920
Closing balance	2,516,548,255	1,487,253,619

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NOTE 8 – TANGIBLE ASSET

	1 January 2023	Additions	Revaluation	Disposals	30 September 2023
<u>Cost</u>					
Land	312,721,000	111,801,368	286,886,000	-	876,489,168
Machinery and equipment	6,701,580,177	7,000,000	2,988,730,726	-	9,532,230,103
Vehicles	25,500,217	33,787,600	7,684,361	(24,128,658)	42,843,520
Fixtures and fittings	3,172,342	2,823,806	-	(433,627)	5,562,521
Construction in progress	-	2,937,488	-	-	2,937,488
Leasehold improvements	4,083	-	-	-	4,083
	7,042,977,819	158,350,262	3,283,301,087	(24,562,285)	10,460,066,883
<u>Accumulated depreciation</u>					
Machinery and equipment	1,174,646,177	128,334,513	554,404,858	-	1,857,385,548
Vehicles	2,815,693	984,056	901,847	(468,041)	4,233,555
Fixtures and fittings	391,269	1,223,904	-	(31,155)	1,584,018
Leasehold improvements	1,318	-	-	-	1,930
	1,177,854,457	130,543,084	555,306,705	(499,196)	1,863,205,051
Net Book Value	5,865,123,362	27,807,178	2,727,994,382	(24,063,089)	8,596,861,832

As of September 30, 2023, there are 3,048,428,720 TL movable pledges and 8,435,084,850 TL mortgages on tangible assets,

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NOTE 8 – TANGIBLE ASSET (CONT'D)

	1 January 2022	Additions	Disposals	30 September 2022
<u>Cost</u>				
Land	195,096,467	-	-	195,096,467
Buildings	65,280,000	47,066,652	-	112,346,652
Machinery and equipment	5,172,400,295	2,008,512	-	5,174,408,807
Vehicles	9,199,841	24,697,145	-	33,896,986
Fixtures and fittings	1,432,055	1,204,404	(109,429)	2,527,030
Construction in progress	-	41,714	-	41,714
Leasehold improvements	4,084	-	-	4,084
	5,443,412,742	75,018,427	(109,429)	5,518,321,740
<u>Accumulated depreciation</u>				
Buildings	1,280,000	1,489,467	-	2,769,467
Machinery and equipment	835,051,852	76,378,527	-	911,430,379
Vehicles	200,931	2,044,764	-	2,245,695
Fixtures and fittings	41,999	369,252	(7,894)	403,357
Leasehold improvements	502	4,795	-	5,296
	836,575,284	80,286,805	(7,894)	916,854,194
Net Book Value	4,606,837,458			4,601,467,546

(**) As of September 30, 2022, there are 2,402,441,711 TL movable pledges and 2,044,807,150 TL mortgages on tangible assets,

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NOTE 9 – INTANGIBLE ASSETS

	1 January 2023	Additon	Disposal	30 September 2023
<u>Cost</u>				
Rights	4,200	-	-	4,200
Other intangible assets	257,849	-	-	257,849
	262,049	-	-	262,049
<u>Accumulated depreciation (-)</u>				
Rights	1,078	-	-	1,078
Other intangible assets	79,587	16,562	-	96,149
	80,665	16,562	-	97,227
Net Book Value	181,384			164,822
	1 January 2022	Additon	Disposal	30 September 2022
<u>Cost</u>				
Other intangible assets	183,510	40,496	-	224,006
	183,510	40,496	-	224,006
<u>Accumulated depreciation (-)</u>				
Other intangible assets	49,628	16,843	-	66,471
	49,628	16,843	-	66,471
Net Book Value	133,882	23,653		157,535

Distribution of tangible and intangible assets depreciation is as follows;

	1 January – 30 September 2023	1 January – 30 September 2022
Cost of sales	99,330,863	73,757,122
General and administrative expenses (Note 15)	31,228,783	6,546,526
Total	130,559,646	80,303,648

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NOTE 10 – COMMITMENTS AND CONTINGENCIES

Guarantees-Pledge-Mortgage ("GPM")

As of 30 September 2023 and 31 December 2022 the tables of the Group's collateral / pledge / mortgage ('GPM') position is as follows:

	30 September 2023	31 December 2022
A, Total amount of GPM given on behalf of the own legal entity	111,120,000	682,106,961
<i>Guarantees given</i>	29,705,000	29,705,000
<i>Pledge</i>	-	270,986,961
<i>Mortgage</i>	81,415,000	381,415,000
B, Total amount of GPM given on behalf of the subsidiaries included in full consolidation	11,471,427,751	4,266,786,911
<i>Guarantees given</i>	69,329,181	64,131,181
<i>Pledge</i>	3,048,428,720	2,374,625,400
<i>Mortgage</i>	8,353,669,850	1,828,030,330
C, Total amount of GPM given on behalf of third parties due to normal course of business	-	-
D, Total amount of other GPM given	-	-
i, Total amount of guarantees given in favor of main shareholder	-	-
ii, Total amount of guarantees given in favor of group companies nor covered by B and C clauses	-	-
iii, Total amount of mollaterals given in favor third parties not covered by clause C	-	-
-	-	-
Total	11,582,547,751	4,948,893,872

NOTE 11 – HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE

The Group provides foreign exchange risk protection on the balance sheet by borrowing in the same currency against foreign exchange risks arising from foreign currency sales amounts that are highly likely to be realized at future dates within the scope of the agreements it has concluded and the corporate budget,

In this context, repayments of foreign currency borrowings that are subject to hedging accounting and are determined as hedging instruments are made with foreign currency sales cash flows that will be realized at close dates and determined as hedging items within the scope of hedging accounting,

The group determined exchange rate risk management strategy as part of a high probability of risk realization estimated transaction hedging exchange rate risk cash flow hedge accounting hedging instrument for the purpose of being applied and formed on components, effectiveness has been proven mathematically and in accordance IFRS 9, which isn't yet realized exchange rate fluctuations in the income statement the income statement Comprehensive Income Statement of pulling from the park aims at the presentation and healthier,

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NOTE 11 – HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE (CONT’D)

As of 30 September 2023 the hedging ratio has been calculated as 97%, and the hedging efficiency as 102%,

	30 September 2023
USD	
Hedged item present value (current)	1,434,567
Hedged item present value (non current)	27,497,970
Hedging instrument present value (current)	2,296,107
Hedging instrument present value (non current)	28,081,793
EUR	
Hedged item present value (current)	1,123,146
Hedged item present value (non current)	30,480,781
Hedging instrument present value (current)	1,993,583
Hedging instrument present value (non current)	28,492,613
TRY	
Cumulative exchange rate difference on the hedged item (current)	3,213,181
Cumulative exchange rate difference on the hedged item (non current)	69,437,251
Cumulative exchange rate difference on the hedged instrument (current)	(5,314,607)
Cumulative exchange rate difference on the hedged instrument (non current)	(68,601,649)
Rate of hedging effectiveness	102%
Inactive portion left in income statement	(1,265,824)

NOTE 12 – PROVISIONS FOR EMPLOYEE BENEFITS

Current provisions for employee benefits

	30 September 2023	31 December 2022
Provision for unused vacations	929,389	395,818
Total	929,389	395,818

The movement of the provisions for unused vacations are as follow;

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	395,818	83,554
Provisions during the year	533,571	381,761
Closing balance	929,389	465,315

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NOTE 11 – PROVISIONS FOR EMPLOYEE BENEFITS (CONT'D)

Non-current provisions for employee benefits

Provisions for retirement pay liability

	30 September 2023	31 December 2022
Provisions for retirement pay liability	1,735,811	350,316
Total	1,735,811	350,316

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service achieves and reaches the retirement age (58 for women and 60 for men),

The amount payable consists of one month's salary limited to a maximum of TL 19,982,83 (31 December 2022: 15,371,40 TL),

Retirement pay liability is not subject to any kind of funding legally, Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees, IAS 19 Employee Benefits stipulates the development of Company's liabilities by using actuarial valuation methods under defined benefit plans, In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

Provisions for retirement pay liability (cont'd)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation, Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation, Consequently, in the accompanying financial statements as at 30 June 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees, The provisions at the respective reporting dates have been calculated with the assumption of 3,26 % real discount rate calculated by using 18,86% annual inflation rate and 22,73% discount rate,

The movement of the provisions for retirement pay liabilities are as follow;

	1 January - 30 September 2023	1 January - 30 June 2022
Opening balance	350,316	100,528
Interest cost	73,566	111,218
Service cost	82,340	266,298
Annual payments (-)	(159,611)	-
Actuarial gain/ loss	1,389,200	51,569
Closing balance	1,735,811	529,613

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NOTE 13 - OTHER CURRENT ASSETS, SHORT TERM LIABILITIES

Other current assets

	30 September 2023	31 December 2022
VAT carried forward	2,069,665	12,627,122
VAT deductible	4,058	-
Personnel advance	394,403	20,888
Total	2,468,126	12,648,010

Other current liabilities

	30 September 2023	31 December 2022
Taxes and funds payable	21,565,048	2,242,793
Other liabilities	179,342	9,303
Total	21,744,390	2,252,096

NOTE 14 - SHAREHOLDER'S EQUITY

a) Capital

	30 September 2023		31 December 2022	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
Esenboğa Elektrik Üretim A.Ş.	%75,88	310,000,000	%75,88	310,000,000
Public Offering	%24,12	100,000,000	%24,12	100,000,000
Paid in capital		410,000,000		410,000,000

In accordance with Capital Market Board's Communique II-22.1 on Share Buybacks with the resolution numbered 9/177 and dated 14.02.2023, due to the current market price of Margün Enerji Üretim Sanayi ve Ticaret A.Ş.'s shares traded at Borsa İstanbul, The Company decided to initiate a share buyback program from the market. In accordance with this decision, Margün Enerji Üretim ve Ticaret A.Ş. with a nominal value of TL 1,666,756. ("MAGEN") shares have been purchased. The portion of the mentioned shares exceeding the nominal value is 7,441,221 TL in total.

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NOTE 14 - SHAREHOLDER'S EQUITY (CONT'D)

b) Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss:

	30 September 2023	31 December 2022
Accumulated Gain on Revaluation of Non-Current Assets	6,645,728,928	4,106,943,705
Total	6,645,728,928	4,106,943,705

c) Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss:

	30 September 2023	31 December 2022
Accumulated loss on remeasurement of defined benefit plans	(1,014,562)	56,041
Actuarial Loss	(1,014,562)	56,041

d) Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss:

	30 September 2023	31 December 2022
Cash flow hedge	(1,080,856,312)	(637.285.509)
Financial hedge fund	37,019,057	31.095.558
Total	(1,043,837,255)	(606.189.951)

e) Premiums/ discounts related to shares:

	30 September 2023	31 December 2022
Premiums/ discounts related to shares	724,943,924	724,943,924
Total	724,943,924	724,943,924

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

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NOTE 15 - EXPENSE BY NATUREa) *General administrative expenses*

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Depreciation	(31,228,783)	(6,546,526)	(9,811,753)	(2,941,738)
Personnel expense	(8,373,974)	(1,417,894)	(2,528,239)	(921,036)
Consultancy and audit expenses	(5,540,481)	(2,021,274)	(1,951,357)	(610,195)
Rent expenses	(2,352,190)	(1,239,053)	(780,404)	(554,715)
Donation and aid expenses	(1,944,229)	(1,032,636)	(481,455)	(250,000)
Office expenses	(1,343,815)	(496,501)	(108,736)	(397,910)
Taxes, duties and charges expenses	(1,231,187)	(1,940,338)	(614,966)	-
Insurance expenses	(880,945)	(269,092)	-	(86,224)
Stock market expenses	(445,006)	-	(3,350)	-
Repair and maintenance expenses	(208,934)	(26,899)	(180,960)	(26,899)
Transportation Expenses	(133,287)	(132,353)	(79,621)	(110,604)
Hospitality expenses	(118,040)	-	(72,902)	-
Advertising expenses	(90,000)	(129,637)	-	(43,800)
Communication expenses	(18,577)	(78,058)	(9,628)	(4,786)
Court and Notary	(9,746)	(119,980)	(3,957)	(72,916)
Electricity expenses	-	(12,827)	-	(7,014)
Other expenses	(32,302)	(57,940)	-	-
Total	(53,951,496)	(15,521,008)	(16,627,328)	(6,027,837)

NOTE 16 - INCOME AND EXPENSES FROM OPERATING ACTIVITIESIncome from operating activities

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange gain on balance sheet items other than financial borrowings (*)	222,209,218	410,620,900	48,613,498	70,709,382
Rent income	137,843	19,251	(768,252)	-
Income and profits of the previous period	-	767,449	3,471,478	767,449
Tax income	-	263,609	-	92,379
Insurance incomes	346,229	248,117	346,229	-
Other incomes	2,098,628	1,869,426	846,742	985,397
Total	228,263,396	413,788,752	52,509,695	72,554,607

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NOTE 16 - INCOME AND EXPENSES FROM OPERATING ACTIVITIES (CONT'D)

Expenses from operating activities

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange losses on balance sheet items other than financial borrowings	(99,470,921)	(96,718,381)	(20,282,808)	(11,829,956)
Previous period expenses and losses	(275,558)	(346,077)	(275,558)	(303,325)
Commission expenses	(11,564)	-	(11,564)	-
Other expenses	(2,101,093)	(1,734,134)	(1,776,433)	(1,283,775)
Total	(101,859,136)	(98,798,592)	(22,346,363)	(13,417,056)

NOTE 17 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Financial investments proffered at fair value	620,840,796	-	-	-
Investment property appreciation	72,976,048	-	(4,445)	-
Repurchase agreements income	830,327	-	421,036	-
Profits of sales on fixed assets	3,941,958	90.436	3,941,958	-
Gains on marketable securities sales	(2,727,270)	-	-	-
Total	695,861,859	90.436	4,358,549	-

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NOTE 18 - INCOME AND EXPENSES FROM FINANCING ACTIVITIESIncome from financing activities

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Time deposit interest income	55,331,498	1,318,288	8,048,968	754,240
Foreign exchange incomes from financial borrowings	51,252	49,911,852	2,687	(17,839,710)
KKMH interest income	31,910,419	18,016,205	29,908,161	79,006,517
Interest income from related parties	27,783,271	4,847,604	19,002,213	-
Interest incomes from derivative transactions	16,584,458	-	16,584,458	-
Currency Protected Deposit Account (KKMH)	-	209,235,511	(25,648,396)	-
Reduced interest expense	-	497,530	-	-
Total	133,737,016	283,826,990	31,294,897	61,921,047

Expense from financing activities

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange and interest expense	(145,134,943)	(312,091,629)	(40,514,258)	(93,265,847)
Borrowings Expenses	(126,034,792)	(68,966,135)	(63,877,833)	8,224,004
Bank commission expenses	(17,155,498)	(2,413,859)	(6,677,793)	485,020
Interest from related parties expenses	(4,143,599)	(10,918)	(520,497)	(10,918)
Delay interests charged	(4,117,382)	(111,218)	593,225	(34,674)
Letter of guarantee commission expenses	(663,145)	(929,422)	(251,067)	(529,861)
Other financing expense	-	-	-	-
Total	(297,249,359)	(384,523,181)	(111,248,223)	(85,132,276)

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NOTE 19 - TAX ASSETS AND LIABILITIES

Current tax liabilities

	30 September 2023	31 December 2022
Current corporation tax liabilities	-	-
Less: Prepaid taxes and fund (-)	(6,442,702)	(769.040)
Tax provision in the balance sheet	(6,442,702)	(769.040)

Deferred tax income

	1 January- 30 September 2023	1 January- 30 September 2022
Tax income/ (expense)		
Current corporation tax liabilities	-	-
Deffered tax income/ (expense)	(122,682,854)	6,266,728
	(122,682,854)	6,266,728

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NOTE 19 - TAX ASSETS AND LIABILITIES (CONT'D)

Corporate Tax

The Turkish entities within the Group are subject to Turkish corporate taxes, Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the year, Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return, Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis,

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other discounts (previous year losses, if any, and investment discounts if preferred),

The effective rate of tax in Turkey in 2023 is 20% (2022: 23%),

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements, These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below,

Companies calculate a temporary tax of 23% (25% for the tax period of 2021 and 23% for the tax period of 2022) on their quarterly financial profits and declare it until the 17th day of the second month after that period and pay it until the evening of the seventeenth day, But since the increase in the corporate tax rate made by law 7316 enters into force starting from July 1, 2021, the declarations that must be issued from 2021 1, the temporary tax rate will be based on 20% for earnings received during the temporary taxation period, The temporary tax paid during the year belongs to that year and is deducted from the corporate tax that will be calculated on the corporate tax return that will be issued in the following year, If the temporary tax amount paid despite the deduction remains, this amount can be refunded in cash or deducted,

For calculation of deferred tax asset and liabilities, the rate of 23% (2022:20%) is used for companies domiciled in Turkey,

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NOTE 19 - TAX ASSETS AND LIABILITIES (CONT’D)

As of 30 September 2023 and 31 December 2022, the cumulative temporary differences and the deferred tax assets/ (liabilities) prepares using the applicable tax rates are as follows:

Tax Assets/(liabilities)	1 January- 30 September 2023	1 January- 31 December 2022
Adjustments to fair value of financial investments	(142,793,383)	-
Write off expense	1,518	1,320
Tangible and intangible fixed asset depreciation adjustment	23,062,434	9,985,435
Tangible and intangible fixed asset adjustment	42,894,165	37,101,470
Unused vacation provision	213,759	79,163
Subsidiaries adjustment	(3,891,284)	(3,891,284)
Revaluation of tangible assets	(420,952,199)	(230,069,428)
IFRS 15 adjustment	(29,959,205)	(29,006,850)
Severance pay provision	399,236	70,063
Expenses accruals	6,264,412	(1,238,928)
Financial harm	54,713,466	54,713,466
Cash flow hedges	227,586,135	116,252,646
Valuation of investment property	(32,844,613)	(23,275,285)
Adjustments related to fair value	-	(4,454,541)
Others	-	-
	(275,305,557)	(73.732.753)

NOTE 20 - EARNINGS PER SHARE

Profit or loss per share disclosed in the Income Statement are determined by dividing net profit / loss by the weighted average number of shares available during the related period,

Companies can increase their share capital by distributing shares in proportion to their accumulated profits to existing shareholders (“bonus shares”), When calculating earnings per share, this bonus share issuance is counted as issued shares, Therefore, the weighted average number of shares used in the calculation of earnings per share is calculated by applying the free-of-charge issuance of shares retrospectively, Earnings per share are calculated by dividing net profit by the weighted average number of ordinary shares issued by the shareholders, The nominal value of a share of the company is TL 1,

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Net profit/ (loss)	661,614,412	446,365,028	12,671,766	156,734,290
Number of shares	410,000,000	410,000,000	410,000,000	410,000,000
Earnings/(loss) per share (TL)	1,61	1,09	0,03	0,38

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NOTE 21 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing flow of resources through the optimization of the debt and equity balance,

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, The board of directors considers the cost of capital and the risks associated with each class of capital, Based on recommendations of the board, the Company targets to balance its overall capital structure through new debt or the redemption of existing debt, The Company’s overall strategy remains unchanged from 2021,

b) Financial Risk Factors

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance,

Risk management is carried out by a central finance department under policies approved by the board of directors, Company’s finance department identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units,

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, Financial instruments of the Company that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables, The Company’s maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements,

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**NOTE 21 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(CONT'D)**

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

The carrying amount of the Group foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

30 September 2023	USD	Euro	TL Equivalent
1, Trade receivables	487	155	17,832
2a, Monetary financial assets, (cash and banks account included)	-	-	-
	3,560,074	848,919	122,107,621
2b, Non monetary financial assets	-	-	-
3, Other	1,061,006	732	29,068,093
4, Current assets (1+2+3)	4,621,567	849,806	151,193,546
5, Trade receivables	-	-	-
6a, Monetary financial assets	1,505,170	22,022	41,845,897
6b, Non monetary financial assets	-	-	-
7, Other	-	-	-
8, Non-current assets (5+6+7)	1,505,170	22,022	41,845,897
9, Total assets (4+8)	6,126,737	871,828	193,039,444
10, Trade payables	75,608	81,375	4,432,254
11, Financial liabilities	10,641,495	13,364,613	680,534,010
12a, Other monetary liabilities	-	761,663	22,111,458
12b, Other non monetary liabilities	-	-	-
13, Current liabilities (10+11+12)	10,717,103	14,207,651	707,125,541
14, Trade payables	-	-	-
15, Financial liabilities	24,402,147	40,118,591	1,836,014,249
16a, Other monetary liabilities	-	-	-
16b, Other non monetary liabilities	-	-	-
17, Non-current liabilities (14+15+16)	24,402,147	40,118,591	1,836,014,249
18, Total liabilities (13+17)	35,119,250	54,326,243	2,543,139,790
19, Net assets of off balance sheet derivative items (liability) position (19a - 19b)	9,676,819	10,066,371	557,151,156
19a, Total amount of assets hedged	-	-	-
19b, Total amount of liabilities hedged	9,676,819	10,066,371	557,151,156
20, Net foreign assets / (liability) position (9-18+19)	(19,315,693)	(43,388,044)	(1,792,949,190)
21, Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(30,053,519)	(53,455,147)	(2,379,120,621)

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**NOTE 21 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(CONT'D)**

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

31 December 2022	USD	Euro	TL Equivalent
1, Trade receivables	-	-	-
2a, Monetary financial assets, (cash and banks account included)	1,205,527	63,337	23,803,922
2b, Non monetary financial assets	-	-	-
3, Other	36,229,127	-	677,423,081
4, Current assets (1+2+3)	37,434,654	63,337	701,227,003
5, Trade receivables	-	-	-
6a, Monetary financial assets	9,608,170	-	179,656,451
6b, Non monetary financial assets	-	-	-
7, Other	-	-	-
8, Non-current assets (5+6+7)	9,608,170	-	179,656,451
9, Total assets (4+8)	47,042,824	63,337	880,883,454
10, Trade payables	-	-	-
11, Financial liabilities	(3,174,018)	(14,025,647)	(338,948,626)
12a, Other monetary liabilities	-	-	-
12b, Other non monetary liabilities	-	-	-
13, Current liabilities (10+11+12)	(3,174,018)	(14,025,647)	(338,948,626)
14, Trade payables	-	-	-
15, Financial liabilities	(6,349,962)	(46,337,512)	(1,042,467,161)
16a, Other monetary liabilities	-	-	-
16b, Other non monetary liabilities	-	-	-
17, Non-current liabilities (14+15+16)	(6,349,962)	(46,337,512)	(1,042,467,161)
18, Total liabilities (13+17)	(9,523,980)	(60,363,159)	(1,381,415,787)
19, Net assets of off balance sheet derivative items (liability) position (19a - 19b)	4,380,067	13,272,569	346,487,157
19a, Total amount of assets hedged	-	-	-
19b, Total amount of liabilities hedged	4,380,067	13,272,569	346,487,157
20, Net foreign assets / (liability) position (9-18+19)	41,898,911	(47,027,253)	(154,045,176)
21, Net foreign currency asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	18,302,503	(60,299,822)	(859,845,235)

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**NOTE 21 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(CONT'D)**

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

The Company is exposed to foreign exchange risk arising from USD and EUR,

The following table details the Group's sensitivity to a 20% increase and decrease in the TL against USD and EUR, 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates, The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates, A positive number indicates an increase in profit or loss where the TL strengthens against the relevant currency,

Exchange Rate Sensitivity Analysis Table

30 September 2023

	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	(105,759,989)	105,759,989
2- USD hedged portion (-)	-	-
3- Net effect of USD	(105,759,989)	105,759,989
Appreciation of EUR against TL by 20%		
4- EUR denominated net assets/liabilities	(251,915,321)	251,915,321
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(251,915,321)	251,915,321
Total	(357,675,310)	357,675,310

Exchange Rate Sensitivity Analysis Table

31 December 2022

	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	156,687,682	156,687,682
2- USD hedged portion (-)	-	-
3- Net effect of USD	156,687,682	156,687,682
Appreciation of EUR against TL by 20%		
4- EUR denominated net assets/liabilities	(187,496,717)	187,496,717
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(187,496,717)	187,496,717
Total	(30,809,035)	30,809,035

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NOTE 22 - EVENTS AFTER REPORTING PERIOD

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 07 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023, This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period,

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

In accordance of Board of Directors of Margun Enerji dated 15.03.2023, TRY 1.500,000,000 the issued capital of TRY 410,000,000 to be increased to TRY 1.180,000,000 with an increase of TRY 770,000,000 covered by profit shares and internal resources. Based on the Board of Directors' Resolution in question, an application was made to the Capital Markets Board on April 3, 2023, regarding the approval of the issuance document for the increase of our company's capital from 410,000,000 TL to 1,180,000,000 TL, and the amendment of Article 6 of our company's Articles of Association. The process of a non-cash capital increase is ongoing.