

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

Ayen Enerji A.Ş. and Its Subsidiaries

Condensed interim consolidated financial statements as at and for the six months period ended June 30, 2022 together with independent auditor's review report



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

Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements

To the Board of Directors of Ayen Enerji A.Ş.

Introduction

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

Scope of Review

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



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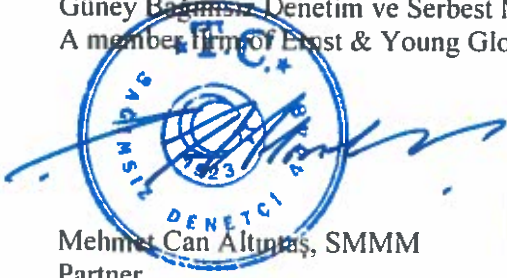
Conclusion

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

Additional paragraph for convenience translation to English

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

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



Mehmet Can Altınbaş, SMMM
Partner

August 12, 2022
Ankara, Turkey

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AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

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

	Notes	Current Period (Reviewed) June 30, 2022	Prior Period (Audited) December 31, 2021
ASSETS			
Current Assets			
Cash and Cash Equivalents		435.266.167	243.718.101
Trade Receivables		376.989.750	272.782.252
<i>Due from related parties</i>	4	12.407.460	8.659.686
<i>Due from others</i>		364.582.290	264.122.566
Other Receivables		364.443.915	95.179.076
<i>Due from related parties</i>	4	243.204.078	10.091.449
<i>Due from others</i>		121.239.837	85.087.627
Service Concession Arrangements	8	117.889.716	62.495.681
Prepaid Expenses	9	70.336.837	28.569.569
Current Tax Assets		-	387.999
Other Current Assets	7	29.354.568	26.970.451
TOTAL CURRENT ASSETS		<u>1.394.280.953</u>	<u>730.103.129</u>
Non-Current Assets			
Financial Investments		412.408	412.408
Other Receivables		200.597.209	174.135.758
<i>Due from others</i>		200.597.209	174.135.758
Service Concession Arrangements	8	216.084.302	200.692.048
Property, Plant and Equipment	5	4.612.095.243	4.138.040.203
Intangible Assets		18.955.583	18.772.154
<i>Goodwill</i>		17.461.935	17.461.935
<i>Other Intangible Assets</i>	5	1.493.648	1.310.219
Investment Property	6	215.392.500	215.392.500
Right of Use Assets	5	20.791.406	18.427.548
Prepaid expenses	9	48.243.752	9.160.511
Deferred Tax Assets		79.523.566	70.897.943
TOTAL NON-CURRENT ASSETS		<u>5.412.095.969</u>	<u>4.845.931.073</u>
TOTAL ASSETS		<u>6.806.376.922</u>	<u>5.576.034.202</u>

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022

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

	Notes	Current Period (Reviewed) June 30, 2022	Prior Period (Audited) December 31, 2021
LIABILITIES			
Current Liabilities			
Short-Term Financial Liabilities	10	429.276.633	441.453.131
Due to other parties		429.276.633	441.453.131
<i>Bank borrowings</i>		407.252.078	428.955.999
<i>Lease liabilities</i>		22.024.555	12.497.132
Short Term Portion of Financial Liabilities	10	396.150.391	530.518.154
Due to other parties		396.150.391	530.518.154
<i>Bank borrowings</i>		396.150.391	530.518.154
Other Financial Liabilities		18.064	18.064
<i>Other Miscellaneous Financial Liabilities</i>		18.064	18.064
Trade Payables		193.647.489	120.202.943
<i>Due to other parties</i>		193.647.489	120.202.943
Employee Benefit Obligations		646.699	1.080.258
Other Payables		34.832.143	6.132.271
<i>Due to related parties</i>	4	34.700	1.025.106
<i>Due to other parties</i>		34.797.443	5.107.165
Deferred Income		3.668.213	44.377.217
<i>Due to other parties (Excluding Obligations Arising from Customer Contracts)</i>		3.668.213	44.377.217
Current Income Tax Liabilities		70.879.782	17.439.523
Short- Term Provisions		1.126.864	759.834
<i>Short-Term Provisions for Employee Benefits</i>		1.126.864	759.834
Other Current Liabilities		2.530.343	16.504.514
<i>Due to other parties</i>		2.530.343	16.504.514
TOTAL CURRENT LIABILITIES		1.132.776.621	1.178.485.909
Non-Current Liabilities			
Long-Term Financial Liabilities	10	2.815.808.897	2.507.552.673
Due to other parties		2.815.808.897	2.507.552.673
<i>Bank borrowings</i>		2.704.975.641	2.488.982.973
<i>Lease liabilities</i>		110.833.256	18.569.700
Long- Term Provisions		7.696.386	5.766.069
<i>Long-Term Provisions for Employee Benefits</i>		7.696.386	5.766.069
Deferred Income		-	599.517
<i>Due to other parties (Excluding Obligations Arising from Customer Contracts)</i>		-	599.517
Other Payables		445.414	445.410
<i>Due to related parties</i>	4	445.414	445.410
Deferred Tax Liabilities		116.291.913	69.945.907
TOTAL NON-CURRENT LIABILITIES		2.940.242.610	2.584.309.576
TOTAL LIABILITIES		4.073.019.231	3.762.795.485

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

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

	Notes	Current Period (Reviewed) June 30, 2022	Prior Period (Audited) December 31, 2021
EQUITY			
Parent's Equity		2.492.159.729	1.649.990.180
Paid-in Share Capital	13	277.500.000	277.500.000
Share Premiums / Discounts		232.214	232.214
Other Accumulated Comprehensive Income / Expenses that not to be Reclassified to Profit or Loss		146.499.811	146.849.064
<i>Accumulated Losses on Remeasurement of Defined Benefit Plans</i>		<i>(3.014.530)</i>	<i>(2.665.277)</i>
<i>Increase on Revaluation of Property, Plant and Equipment</i>		<i>149.514.341</i>	<i>149.514.341</i>
Other Accumulated Comprehensive Income to be Reclassified to Profit or Loss		1.475.897.848	1.184.090.087
<i>Currency Translation Differences</i>		<i>1.475.897.848</i>	<i>1.184.090.087</i>
Restricted Profit Reserves	13	77.498.004	71.893.619
<i>Legal Reserves</i>		<i>77.498.004</i>	<i>71.893.619</i>
Retained Earnings/ (Losses)		(67.598.467)	(142.229.998)
Net Profit or Loss for the Period		582.130.319	111.655.194
Non-Controlling Interests		241.197.962	163.248.537
TOTAL EQUITY		<u>2.733.357.691</u>	<u>1.813.238.717</u>
TOTAL LIABILITIES AND EQUITY		<u>6.806.376.922</u>	<u>5.576.034.202</u>

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

	Notes	Current Period (Reviewed) January 1 - June 30, 2022	Prior Period (Reviewed) January 1 - June 30, 2021	Current Period (Not Reviewed) April 1 - June 30, 2022	Prior Period (Not Reviewed) April 1 - June 30, 2021
PROFIT OR LOSS					
Revenue	14	2.233.921.946	571.157.450	1.299.090.996	281.971.781
Cost of Sales (-)	14	(1.194.515.267)	(353.460.610)	(796.358.750)	(170.187.071)
GROSS PROFIT		1.039.406.679	217.696.840	502.732.246	111.784.710
General Administrative Expenses (-)	14	(29.863.846)	(15.193.304)	(18.775.386)	(8.493.858)
Other Operating Income	15	161.774.289	54.160.531	74.964.154	34.104.568
Other Operating Expenses (-)	15	(216.019.392)	(62.956.726)	(48.628.032)	(34.695.652)
OPERATING PROFIT		955.297.730	193.707.341	510.292.982	102.699.768
Income from Investment Activities	16	111.230.361	48.757.078	58.039.468	16.201.991
OPERATING INCOME BEFORE FINANCIAL EXPENSE		1.066.528.091	242.464.419	568.332.450	118.901.759
Financial Income/ (Expenses), Net	17	(321.807.855)	(183.563.770)	(138.590.863)	(79.986.639)
PROFIT BEFORE TAXATION ON INCOME		744.720.236	58.900.649	429.741.587	38.915.120
Tax (Expense)/ Income from Continued Operations		(115.485.547)	(15.976.095)	(56.132.230)	(8.146.679)
Current Tax Income/ (Expense)		(75.876.557)	(7.813.401)	(49.936.365)	(5.013.244)
Deferred Tax Income/ (Expense)		(39.608.990)	(8.162.694)	(6.195.865)	(3.133.435)
PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS		629.234.689	42.924.554	373.609.357	30.768.441
NET (LOSS)/ PROFIT FOR THE PERIOD		629.234.689	42.924.554	373.609.357	30.768.441
Attribution of Profit for the Period					
Non-Controlling Interests		47.104.370	5.505.377	20.112.669	1.592.298
Equity Holders of the Parent		582.130.319	37.419.177	353.496.688	29.176.143
Earning per 1.000 shares	18	20,98	1,35	12,74	1,05

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

	Current Period (Reviewed) January 1 - June 30, 2022	Prior Period (Reviewed) January 1 - June 30, 2021	Current Period (Not Reviewed) April 1 - June 30, 2022	Prior Period (Not Reviewed) April 1 - June 30, 2021
OTHER COMPREHENSIVE INCOME				
PROFIT/ (LOSS) FOR THE PERIOD	629.234.689	42.924.554	373.609.357	30.768.441
Income or Expenses to be Reclassified to Profit or Loss				
<i>Currency Translation Differences</i>	322.652.816	139.051.909	190.152.330	60.156.030
Income or Expenses not to be Reclassified to Profit or Loss				
<i>Loss on Remeasurement of Defined Benefit Plans</i>	(349.253)	992.980	(357.909)	(161.437)
<i>Deferred Tax Income/ (Expense)</i>	(436.566)	1.241.226	(447.386)	(201.795)
	87.313	(248.246)	89.477	40.358
OTHER COMPREHENSIVE INCOME	322.303.563	140.044.889	189.794.421	59.994.593
TOTAL COMPREHENSIVE INCOME	951.538.252	182.969.443	563.403.778	90.763.034
Total Comprehensive Income for the Period Attributable to:				
Non-Controlling Interests	77.949.425	19.015.932	38.150.451	7.426.853
Equity Holders of the Parent	873.588.827	163.953.511	525.253.327	83.336.181

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

	Paid-in share capital	Share Premiums / Discounts	Defined Benefit Plans Remeasurement Gain / (Losses)	Property, Plant and Equipment Revaluation Fund	Other Accumulated Comprehensive Income or Expense not to be Reclassified to Profit or Loss	Other Accumulated Comprehensive Income or Expense to be Reclassified to Profit or Loss	Currency Translation Differences	Restricted Profit Reserves	Retained Earnings or Accumulated Losses	Net Profit / (Loss) for the Year	Parent's Equity	Non-Controlling Interests	Total Equity
Balance as of January 1, 2021	277.500.000	232.214	(2.620.724)	28.814.297	555.518.847	71.893.619	(50.706.026)	(91.523.972)	91.523.972	789.108.255	81.164.815	870.273.070	
Transfers	-	-	-	-	-	-	(91.523.972)	91.523.972	-	-	-	-	
Total comprehensive income/ (loss)	-	-	992.980	-	125.541.354	-	-	37.419.177	163.953.511	19.015.932	182.969.443		
Dividends	-	-	-	-	-	-	-	-	(2.468.439)	(2.468.439)	-		
Balance as of June 30, 2021	277.500.000	232.214	(1.627.744)	28.814.297	681.060.201	71.893.619	(142.229.998)	37.419.177	953.061.766	97.712.308	1.050.774.074		
Balance as of January 1, 2022	277.500.000	232.214	(2.665.277)	149.514.341	1.184.090.087	71.893.619	(142.229.998)	111.655.194	1.649.990.180	163.248.537	1.813.238.717		
Transfers	-	-	-	-	-	5.604.385	106.050.809	(111.655.194)	-	-	-		
Total comprehensive income/ (loss)	-	-	(349.253)	-	291.807.761	-	-	582.130.319	873.588.827	77.949.425	951.538.252		
Dividends	-	-	-	-	-	-	(31.419.278)	-	(31.419.278)	-	(31.419.278)		
Balance as of June 30, 2022	277.500.000	232.214	(3.014.530)	149.514.341	1.475.897.848	77.498.004	(67.598.467)	582.130.319	2.492.159.729	241.197.962	2.733.357.691		

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

	Notes	Current Period (Reviewed) January 1 – June 30, 2022	Prior Period (Reviewed) January 1 – June 30, 2021
CASH FLOW FROM OPERATING ACTIVITIES		581.918.540	236.009.831
Profit/ (Loss) for the period		629.234.689	42.924.554
- Period income/ (loss) from continuing operations		629.234.689	42.924.554
Adjustments to reconcile profit/ loss for the period		407.964.519	230.847.206
- Adjustments related to depreciation and amortization expenses	3, 5, 14	115.587.950	56.721.600
- Adjustments related to provisions		1.860.780	1.010.819
<i>Provisions and adjustments related to employee benefits</i>		<i>1.860.780</i>	<i>1.010.819</i>
- Adjustments for interest (income)/ expenses		109.954.352	75.627.591
<i>Adjustments for interest income</i>	17	<i>(9.793.343)</i>	<i>(4.949.906)</i>
<i>Adjustments for interest expenses</i>		<i>119.747.695</i>	<i>80.577.497</i>
- Adjustments for unrealized foreign exchange differences		145.116.777	77.583.896
- Adjustments for tax income/ (expense)		115.485.547	15.976.095
- Other adjustments for non-cash transactions		(72.247.164)	7.524.309
- Other adjustments for profit / loss reconciliation		(7.793.723)	(3.597.104)
Changes in working capital		(429.089.022)	(20.648.722)
- Adjustments related to (increase)/ decrease in trade receivables		(14.075.800)	8.114.423
<i>(Increase)/ decrease in trade receivables from related parties</i>		<i>53.114.984</i>	<i>5.562.507</i>
<i>(Increase)/ decrease in trade receivables from third parties</i>		<i>(67.190.784)</i>	<i>2.551.916</i>
- Adjustments related to (increase)/ decrease in other receivables from operating activities		(281.516.064)	(16.470.489)
<i>(Increase)/ decrease in other receivables from related parties</i>		<i>(231.559.398)</i>	<i>998.198</i>
<i>(Increase)/ decrease in other receivables from third parties</i>		<i>(49.956.666)</i>	<i>(17.468.687)</i>
- Adjustment related to (increase)/ decrease in service concession arrangements		3.031.446	8.859.318
- Increase/ (decrease) in deferred income		(33.514.798)	(394.673)
- (Increase)/ decrease in prepaid expenses		(79.197.198)	(3.105.661)
- Adjustment related to increase/ (decrease) in trade payables		(6.570.345)	(2.838.595)
<i>Increase/ (decrease) in trade payables to third parties</i>		<i>(6.570.345)</i>	<i>(2.838.595)</i>
- Increase/ (decrease) in payables of employee benefits		(442.604)	206.104
- Adjustments related to increase/decrease in other payables		(16.803.659)	(15.019.149)
<i>Increase/ (decrease) in other payables to related parties</i>		<i>(32.409.680)</i>	<i>(14.331.058)</i>
<i>Increase/ (decrease) in other payables to third parties</i>		<i>15.606.021</i>	<i>(688.091)</i>
Cash flow from operations		608.110.186	253.123.038
Payments for employee benefits		(140.028)	(321.992)
Income taxes paid		(26.051.618)	(16.791.215)

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

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

	Notes	Current Period (Reviewed) January 1 – June 30, 2022	Prior Period (Reviewed) January 1 – June 30, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow from purchase of property, plant and equipment and intangible assets		(1.920.806)	(315.798)
<i>Cash outflow from purchases of property, plant and equipment</i>		(1.920.806)	(330.867)
<i>Cash outflow from purchases of intangible assets</i>	5	(1.852.694)	(315.955)
Advances given	5	(68.112)	(14.912)
<i>Other advances given</i>		-	15.069
		-	15.069
CASH FLOWS FROM FINANCING ACTIVITIES			
		(422.478.231)	(211.743.870)
Cash inflows due to borrowings		327.119.554	74.668.250
<i>Cash inflows from bank loans</i>	10	327.119.554	74.668.250
Cash outflows due to borrowings		(620.996.577)	(211.511.354)
<i>Cash outflows from repayments of bank loans</i>	10	(620.996.577)	(211.511.354)
Interest paid		(133.192.145)	(76.173.912)
Cash outflows due to repayment of lease liabilities	10	(5.202.406)	(3.676.760)
Interest received	17	9.793.343	4.949.906
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATIONS			
		157.519.503	23.950.163
Foreign currency translation effects on cash and cash equivalents		34.028.563	7.500.031
NET DECREASE IN CASH AND CASH EQUIVALENTS		191.548.066	31.450.194
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		243.718.101	71.513.984
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		435.266.167	102.964.178

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ayen Enerji A.Ş. (the “Company” or “Ayen Enerji”) engages in the electricity production and trading activities. The Company was established in 1990. The Company is a member of Aydın Group. Main shareholder of the Company is Aydın İnşaat A.Ş. (“Aydın İnşaat”).

The Company is registered in Turkey and the registered address is as follows:

Hülya Sok. No: 37, Gaziosmanpaşa, Ankara

The Company is registered to Capital Markets Board (“CMB”) and its shares are publicly traded in Borsa Istanbul. 15,01% of the shares of the Company is publicly held as of June 30, 2022 (December 31, 2021: 15,01%) (Note 13).

As of June 30, 2022, the number of personnel of the Ayen Enerji A.Ş. and Its Subsidiaries (together referred as the “Group”) is 252. (December 31, 2021: 255).

The subsidiaries of the Company (the “Subsidiaries”), the nature of their business and their address of registered head offices are as follows:

<u>Subsidiaries</u>	<u>Core business</u>	<u>Direct Share</u>	<u>Indirect Share</u>	<u>Registered address</u>
Ayen Ostim Enerji Üretim A.Ş. (“Ayen Ostim”)	Electricity production and trading	100%	100%	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Kayseri Elektrik Üretim Sanayi ve Ticaret A.Ş. (“Kayseri Elektrik”)	Electricity production, distribution and trading	96%	96%	Yemliha Kasabası Kayseri
Ayen Elektrik Ticaret A.Ş. (“Ayen Elektrik”)	Electricity trading	100%	100%	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen-AS Energji SHA (“Ayen-AS”)	Electricity production and trading	90%	90%	Papa Gijon Pali i II-te, ABA Business Center, Tirane/Albania
Araklı Doğalgaz Üretim Sanayi ve Ticaret A.Ş. (“Araklı”)	Electricity production and trading	76%	76%	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen Energy Trading SHA (“Ayen Trading”)	Electricity trading	0%	100%	Papa Gijon Pali i II-te, ABA Business Center, Tirane/Albania
Ayen Energy Trading D.O.O. Beograd-StariGrad (“Ayen Sırbistan”)	Electricity trading	0%	100%	Kosaçicev Venac Sokak No: 20, 11000 Belgrad, Serbia
Ayen Energija Trgovanje z Električno Energijo D.O.O. (“Ayen Slovenya”)	Electricity trading	0%	100%	Ayen Energija d.o.o. Zemljemerska ulica 12 1000 Ljubljana Slovenia
Ayen – ALB SHA (“Ayen ALB”)	Electricity Production	92%	92%	Tirane Tirane, TIRANE Njesia Bashkiake Nr.2, Rruga Papa Gjon Pali II-te, ABA Business Center, Kati:6, Nr.601
Ayen Renewable Energy SHA	Electricity production and trading	100%	100%	Rruga Papa Gjon Pali II-te, ABA Business Center, Kati:6, Nr.601 Tirane/Albania

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

The production license for the Wind Power Plant (“WPP”) located in Akbük with an annual production capacity of 31,5 MW obtained by Ayen Enerji on 18 January 2007 for 49 years. The first part of the plant with a capacity of 16,8 MW and the second part of the plant with a capacity of 14,7 MW started to operate on 19 March 2009 and 3 April 2009 respectively.

Büyükdüz HEPP, is owed by Ayen Enerji and located in Gümüşhane Kürtün with an installed capacity of 68,9 MW has production license for 49 years. The power plant started to operate on 1 June 2012.

Mordoğan WPP, is owed by Ayen Enerji and located in İzmir Karaburun with an installed capacity of 30,75 MW and has a production license for 49 years. The power plant started to operate on 27 September 2013.

Korkmaz WPP, is owed by Ayen Enerji and located in İzmir Seferihisar with an installed capacity of 24 MW and has a production license for 49 years. The first part of the plant with an installed capacity of 10 MW and the second part of the plant with an installed capacity of 14 MW started to operate respectively August and September 2014.

Akbük II WPP, is owed by Ayen Enerji and located in Aydın Didim, and Muğla Milas, in regard to wind energy, with an installed capacity of 20 MW and has a production capacity of 68.153.000 kWh/year, is approved by EMRA and the power plant started to operate on 12 February 2016.

Yamula Dam, is owed by Kayseri Elektrik and was constructed under BOT model. The Dam located on Kızılırmak River. The installed capacity is 100 MW and the annual production capacity of the dam is 422 million kWh. The construction of the Dam started in 1998 and began to operate in August 2005. The operational period for Yamula Dam is 20 years and will end in 2025.

For the Çaypınar WPP, owned by Ayen Ostim Enerji Üretim A.Ş and located within the borders of Kepsut district of Balıkesir province, with an installed power of 25,2 MWm / 24 MWe and an annual electricity generation capacity of 84.000.000 kWh, production license numbered EÜ/9146-3/04419 has been obtained from the Energy Market Regulatory Authority in accordance with the Electricity Market Law No.6446 and the relevant legislation. Temporary adoption of 2 wind turbines and generator units were made on October 29, 2020, temporary adoption of 2 wind turbines and generator units were made on November 14, 2020, temporary adoption of 3 wind turbines and generator units were made on December 17, 2020 by the ministry of energy and natural resources. As of December 17, 2020 the facility was taken into operation and started the energy production.

The main operation of Ayen Elektrik is the sale, import and export of the electricity and/or the electricity capacity on wholesale and directly to the end users in accordance with the “Regulation for the Electricity Market License”, “Wholesale License” and the other related regulations.

Ayen AS Enerji SHA; the construction of PESHQESHIT 3 Hydroelectricity Energy Production Facility with annual electricity energy production capacity of 118.400.000 kWh, installation power of 34 MW has been completed and started commercial activities on May 4, 2015. PESHQESHIT 3 is one of the HEPP projects locate in Albania and constructed within the scope of “Albanian Fan Basin HEPP Projects” with annual electricity energy production capacity of 347.246.000 kWh, installation power of 109,73 MW. The test of the facilities of Fangut HEPP established in Albania has been completed with the annual electricity energy production capacity of 228.846.000 kWh and installation power of 75,71 MW and the plant has started to operation as of December 1, 2017. At the same time, tail water plant which is fed by tail water of Fangut Dam with installation power of 1MW has been started to operation in December, 2017.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Ayen Enerji has acquired 76% shares of Araklı Enerji Doğalgaz Üretim Sanayi ve Ticaret A.Ş. on 9 May 2012. The Company management decided in December 2020 to terminate Araklı's Çankaya HEPP investment with an installed capacity of 72 MW to be built in Araklı district, Trabzon province and The license granted by EMRA was canceled on February 11, 2021. Therefore, as of December 31, 2020, the construction in progress of Araklı has been recognized as an expense.

Ayen Elektrik participated in 100% share of Ayen Enerji Trading SHA which established with ALL 100.000.000 (EURO 750.400) nominal capital on 24 September 2013. The Company has established in Tirane- Albania in accordance with Albania laws at 30 September 2013.

Ayen Elektrik Ticaret A.Ş participated in 100% share of Ayen Enerji Trading D.O.O. (Serbia) with EURO 110.000 nominal capital and Ayen Enerji Trgovanje z Električno Energijo, D.O.O. (Slovenia) with EURO 267.500 nominal capital in respectively 13 June 2014 and 19 June 2014. The main operations of these companies are to sale, import and export of the electricity and/or the electricity capacity as wholesale and sale directly to end users particularly to European Countries in accordance with the European Union regulations.

Ayen ALB is the concession company of HEPP-Kalivac and has been established on November 22, 2017 with ALL 3.500.000 nominal capital and will be constructed according to BOT Model issued by Republic of Albania Ministry of Energy and Industry with the annual electricity energy production capacity of 366.6 kWh, installation power of 111 MW and 35 years duration. The Group's tender has been chosen as best tender for the BOT Model for HEPP – Kalivac invitation issued by Republic of Albania Ministry of Energy and Industry and the concession agreement has been signed.

Ayen Renewable has been established on April 8, 2022 with ALL 3.500.000 nominal capital in accordance with Albania laws. Ayen Renewable's capital has been fully paid by Ayen Energy and Ayen Renewable is a 100% foreign subsidiary of Ayen Enerji A.Ş. The main operations of the company are the power plants that provide the production and use of renewable energy such as solar and wind, consulting, design, financing, construction, operating, servicing of power plants and trading the produced electricity in Turkey or abroad.

Approval of consolidated financial statements:

Board of Directors has approved the consolidated financial statements for the period between January 1– June 30, 2022 and delegated publishing it on August 12, 2022. No authority other than Board of Directors and General Assembly has the right to modify the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

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

Subsidiaries operating abroad prepare their accounting records and financial statements in the currency of the countries where they operate and in accordance with the legislation of those countries. The functional currency of Ayen-AS, Ayen ALB, Ayen Renewable and Ayen Trading is Albanian Lek. The functional currencies of Ayen Slovenia and Ayen Serbia are EURO and Serbian Dinar, respectively.

For the period ended June 30, 2022, the Group prepared its interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting. In accordance with the TAS 34, 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 do 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 December 31, 2021.

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Accounting Standards/Turkish Financial Reporting Standards and Interpretations (“TAS/TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

Interim condensed consolidated financial statements have been presented by the POA in accordance with the "2019 TAS Taxonomy" announced in the Official Gazette dated April 15, 2019 and numbered 30794.

The accompanying consolidated financial statements have been prepared in terms of Turkish Lira on the historical cost basis except for the fair value measurement of certain investment properties and financial assets and liabilities with revaluated amounts.

Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

Functional Currency (cont'd)

Subsidiaries of the Group are measured using the currency that has significant impact on the entity or on the operations of entity, which reflects the economic substance of the underlying events and circumstances relevant to the entity. In this context, Ayen-AS, Ayen Trading and Ayen ALB is measured using ALL, Ayen Serbia is measured using RSD, Ayen Slovenia is measured using EURO. According to TAS 21, balance sheet items (except capital accounts) in terms of Albanian Lek and Serbian Dinar have been included into consolidation by being translated to TL with informative exchange rates that are not subject to transaction by the Central Bank of the Republic of Turkey as of the balance sheet date. (ALL 1 = TL 0,1454, RSD 1 = TL 0,1339). In the balance sheet items of Ayen Slovenia, the assets were consolidated by being translated to TL with the buying rate (EURO 1 = TL 17,3701) and liabilities (except capital accounts) with the selling rate (EURO 1 = TL 17,4014) applicable as of the balance sheet date. Profit or loss statement and other comprehensive income items have been included into consolidation by being translated to TL with annual average buying rate.

Capital and capital reserves are carried forward with their historical nominal costs and any related exchange component of that gain or loss and the translation gain/ (loss) realized during the translation of balance sheet and profit or loss statement is also recognized in capital translation gain-loss accounts under equity.

Preparation of Consolidated Financial Statements in Hyperinflationary Periods

With the decision taken on March 17, 2005, the CMB has announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TAS. Accordingly, the Company did not apply TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") in its financial statements for the accounting periods starting January 1, 2005.

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

Comparative information, restatement and reclassification of prior period financial statements

The financial statements of the Group include comparative consolidated financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation in the current period consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

Basis of Consolidation

As of June 30, 2022, and December 31, 2021 details of the Company's subsidiaries are as follows:

Subsidiaries	Group's proportion of ownership and voting power held (%)		Place of incorporation and operation	Principle activity
	2022	2021		
Ayen Ostim	100	100	Ankara- Ankara	Electricity production and trade
Kayseri Elektrik	96	96	Kayseri- Kayseri	Electricity production, distribution and trade
Ayen Elektrik	100	100	Ankara- Ankara	Electricity trade
Ayen-AS	90	90	Tirane-Albania	Electricity production and trade
Araklı Enerji	76	76	Ankara- Trabzon	Electricity production, distribution and trade
Ayen Trading	100	100	Tirane-Albania	Electricity trade
Ayen Sırbistan	100	100	Belgrad-Serbia	Electricity trade
Ayen Slovenya	100	100	Ljubljana, Slovenia	Electricity trade
Ayen ALB	92	92	Tirane-Albania	Electricity production and trade
Ayen Renewable	100	-	Albania	Electricity production and trade

The accompanying consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

Basis of Consolidation (cont'd)

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

2.2 Going Concern

The Group has prepared its consolidated financial statements on the assumption that the business will continue its operations in the foreseeable future.

The majority of the resources used by the Group to finance its investments and presented as financial liabilities in the consolidated financial statements are in foreign currency, and the future income of the Group due to these investments is also sensitive to foreign currency. According to the short and medium term projections made by the Group management by evaluating both its production capacity, current market conditions and future market expectations, and state purchase price guarantees, the projected cash inflow from the Group's operating activities will cover the need of cash due to financial activities. The Company management's expectation is that, there is no doubt about the Company's going concern in the foreseeable future.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter.

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

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

The aforementioned standards did not have a significant impact on the financial position and performance of the Group.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities
- TAS 41 Agriculture – Taxation in fair value measurements

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

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

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

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

The standards and amendments and improvements above are not expected to have a material impact on the Group's consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

3. SEGMENT REPORTING

Board of Directors reviews results and operations on a geographic segment basis in order to monitor performance and to allocate resources. Geographic segments of the Group are defined in the following regions : Turkey and abroad. The companies located in abroad operate in Albania, Serbia and Slovenia.

January 1 – June 30, 2022	Turkey	Abroad	Netting of intragroup sales and cost of sales	Consolidated
Net sales to out-of-group	776.265.392	1.457.656.554	-	2.233.921.946
Net sales within the group	65.435.462	2.944.279	(68.379.741)	-
Cost of out-of-group sales	(493.954.128)	(700.561.139)	-	(1.194.515.267)
Cost of intragroup sales	(2.990.173)	(64.936.896)	67.927.069	-
Gross profit	344.756.553	695.102.798	(452.672)	1.039.406.679
General Administrative Expenses (-)	(11.503.877)	(18.359.969)	-	(29.863.846)
Other Income from Operating Activities	38.408.569	123.365.720	-	161.774.289
Other Expenses from Operating Activities (-)	(23.947.339)	(192.072.053)	-	(216.019.392)
Operating profit	347.713.906	608.036.496	(452.672)	955.297.730
Income from Investment Activities	111.230.361	-	-	111.230.361
Expenses from Investment Activities	-	-	-	-
Operating income before financial expenses	458.944.267	608.036.496	(452.672)	1.066.528.091
Financial Income	95.717.154	35.829.348	-	131.546.502
Financial Expenses	(362.082.391)	(91.271.966)	-	(453.354.357)
Profit / (loss) before taxation on income	192.579.030	552.593.878	(452.672)	744.720.236
Current Tax Expense	(23.194.978)	(52.681.579)	-	(75.876.557)
Deferred Tax Expense / Income	48.072	(39.657.062)	-	(39.608.990)
Profit / (loss) for the period	169.432.124	460.255.237	(452.672)	629.234.689
Purchases of tangible and intangible asset	1.724.123	196.683	-	1.920.806
Depreciation and amortization	(51.080.994)	(64.506.956)	-	(115.587.950)
Total Assets	2.510.267.514	4.296.109.408	-	6.806.376.922
Total Liabilities	1.601.302.619	2.471.716.612	-	4.073.019.231

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

3. SEGMENT REPORTING (cont'd)

April 1 – June 30, 2022	Turkey	Abroad	Netting of intragroup sales and cost of sales	Consolidated
Net sales to out-of-group	467.187.306	831.903.690	-	1.299.090.996
Net sales within the group	33.705.993	2.944.279	(36.650.272)	-
Cost of out-of-group sales	(287.491.064)	(508.867.686)	-	(796.358.750)
Cost of intragroup sales	(2.990.173)	(33.219.654)	36.209.827	-
Gross profit	210.412.062	292.760.629	(440.445)	502.732.246
General Administrative Expenses (-)	(6.309.941)	(12.465.445)	-	(18.775.386)
Other Income from Operating Activities	28.389.806	46.574.348	-	74.964.154
Other Expenses from Operating Activities (-)	(15.872.005)	(32.756.027)	-	(48.628.032)
Operating profit	216.619.922	294.113.505	(440.445)	510.292.982
Income from Investment Activities	58.039.468	-	-	58.039.468
Expenses from Investment Activities	-	-	-	-
Operating income before financial expenses	274.659.390	294.113.505	(440.445)	568.332.450
Financial Income	75.404.348	32.032.727	-	107.437.075
Financial Expenses	(211.128.272)	(34.899.666)	-	(246.027.938)
Profit / (loss) before taxation on income	138.935.466	291.246.566	(440.445)	429.741.587
Current Tax Expense	(16.364.683)	(33.571.682)	-	(49.936.365)
Deferred Tax Expense / Income	2.112.286	(8.308.151)	-	(6.195.865)
Profit / (loss) for the period	124.683.069	249.366.733	(440.445)	373.609.357
Purchases of tangible and intangible asset	100.466	(332.211)	-	(231.745)
Depreciation and amortization	(41.480.408)	(31.633.131)	-	(73.113.539)

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

3. SEGMENT REPORTING (cont'd)

January 1 – June 30, 2021	Turkey	Abroad	Netting of intragroup sales and cost of sales	Consolidated
Net sales to out-of-group	258.997.485	312.159.965	-	571.157.450
Net sales within the group	54.212.144	2.467.482	(56.679.626)	-
Cost of out-of-group sales	(101.051.322)	(252.409.288)	-	(353.460.610)
Cost of intragroup sales	(5.231.190)	(52.726.107)	57.957.297	-
Gross profit	206.927.117	9.492.052	1.277.671	217.696.840
General Administrative Expenses (-)	(6.348.318)	(8.844.986)	-	(15.193.304)
Other Income from Operating Activities	4.742.417	49.418.114	-	54.160.531
Other Expenses from Operating Activities (-)	(13.478.008)	(49.478.718)	-	(62.956.726)
Operating profit	191.843.208	586.462	1.277.671	193.707.341
Income from Investment Activities	48.757.078	-	-	48.757.078
Expenses from Investment Activities	-	-	-	-
Operating income before financial expenses	240.600.286	586.462	1.277.671	242.464.419
Financial Income	24.178.881	11.967.633	-	36.146.514
Financial Expenses	(171.362.086)	(48.348.198)	-	(219.710.284)
Profit / (loss) before taxation on income	93.417.081	(35.794.103)	1.277.671	58.900.649
Current Tax Expense	(5.704.538)	(2.108.863)	-	(7.813.401)
Deferred Tax Expense / Income	(1.528.922)	(6.633.772)	-	(8.162.694)
Profit / (loss) for the period	86.183.621	(44.536.738)	1.277.671	42.924.554
Purchases of tangible and intangible asset	118.683	212.184	-	330.867
Depreciation and amortization	(19.419.362)	(37.302.238)	-	(56.721.600)
Total Assets	1.052.217.372	2.652.279.348	-	3.704.496.720
Total Liabilities	1.055.667.283	1.598.055.363	-	2.653.722.646

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

3. SEGMENT REPORTING (cont'd)

April 1 – June 30, 2021	Turkey	Abroad	Netting of intragroup sales and cost of sales	Consolidated
Net sales to out-of-group	136.423.243	145.548.538	-	281.971.781
Net sales within the group	31.041.148	859.311	(31.900.459)	-
Cost of out-of-group sales	(42.135.812)	(128.051.259)	-	(170.187.071)
Cost of intragroup sales	(6.948.526)	(75.100.410)	82.048.936	-
Gross profit	118.380.053	(56.743.820)	50.148.477	111.784.710
General Administrative Expenses (-)	(3.188.232)	(5.305.626)	-	(8.493.858)
Other Income from Operating Activities	2.628.858	31.475.710	-	34.104.568
Other Expenses from Operating Activities (-)	(9.829.739)	(24.865.913)	-	(34.695.652)
Operating profit	107.990.940	(55.439.649)	50.148.477	102.699.768
Income from Investment Activities	16.201.991	-	-	16.201.991
Expenses from Investment Activities	-	-	-	-
Operating income before financial expenses	124.192.931	(55.439.649)	50.148.477	118.901.759
Financial Income	12.200.917	5.547.334	-	17.748.251
Financial Expenses	(72.009.974)	(25.724.916)	-	(97.734.890)
Profit / (loss) before taxation on income	64.383.874	(75.617.231)	50.148.477	38.915.120
Current Tax Expense	(3.987.404)	(1.025.840)	-	(5.013.244)
Deferred Tax Expense / Income	22.253	(3.155.688)	-	(3.133.435)
Profit / (loss) for the period	60.418.723	(79.798.759)	50.148.477	30.768.441
Purchases of tangible and intangible asset	23.231	160.245	-	183.476
Depreciation and amortization	(9.942.085)	(19.884.078)	-	(29.826.163)

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

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

4. RELATED PARTY TRANSACTIONS

June 30, 2022

	Receivables		Long-term Prepaid Expenses	Borçlar		Long-term Non-trade
	Short-term			Short-term		
	Trade	Non-trade		Trade	Non-trade	
Related party transactions						
Aydiner İnşaat A.Ş. (1)	515.718	243.163.935	48.028.296	-	-	-
Agron Turizm ve Tic. A.Ş. (2)	11.149.521	-	-	-	-	-
Diğer	742.221	40.143	-	-	34.700	445.414
	12.407.460	243.204.078	48.028.296	-	34.700	445.414

December 31, 2021

	Receivables		Long-term Prepaid Expenses	Payables		Long-term Non-trade
	Short-term			Short-term		
	Trade	Non-trade		Trade	Non-trade	
Related party transactions						
Aydiner İnşaat A.Ş. (*) (1)	287.551	10.059.973	7.032.822	-	-	-
Agron Turizm ve Tic. A.Ş. (2)	8.048.052	-	-	-	-	-
Erciyes Enerji Üretim San. Tic. A.Ş. (3)	-	-	-	-	1.000.000	-
Other	324.083	31.476	-	-	25.106	445.410
	8.659.686	10.091.449	7.032.822	-	1.025.106	445.410

(*) 48.028.296 TL of long-term prepaid expenses consists of the advance given to Aydiner for Çaypınar SPP project.

(1) Main shareholder

(2) Subsidiaries of the other company of the main partners

(3) Other

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

4. RELATED PARTY TRANSACTIONS (cont'd)

<u>Related party transactions</u>	<u>Foreign exchange income</u>	<u>Sales of energy</u>	<u>Interest income</u>	<u>Interest Expenses</u>	<u>Purchases of services</u>
Aydiner İnşaat A.Ş. (1)	-	874.198	37.023	852.024	95.400
Aybet Beton A.Ş. (2)	-	2.684.256	-	-	-
Agron Turizm ve Tic. A.Ş. (2)	-	3.431.553	785.038	-	-
Other	-	199.059	7.526	-	-
	<u>-</u>	<u>7.189.066</u>	<u>829.587</u>	<u>852.024</u>	<u>95.400</u>

<u>Related party transactions</u>	<u>Foreign exchange income</u>	<u>Sales of energy</u>	<u>Interest income</u>	<u>Interest Expenses</u>	<u>Purchases of services</u>
Aydiner İnşaat A.Ş. (1)	-	327.048	6.174	1.928.921	40.504
Aybet Beton A.Ş. (2)	-	780.473	232	-	-
Agron Turizm ve Tic. A.Ş. (2)	-	966.524	317.010	-	-
Other	-	44.727	3.391	-	-
	<u>-</u>	<u>2.118.772</u>	<u>326.807</u>	<u>1.928.921</u>	<u>40.504</u>

(1) Main shareholder

(2) Subsidiaries of the other company of the main partners

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

4. RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel:

Key management personnel consists of key managers and the general manager. The compensation of key management personnel includes salaries, bonus, health insurance and transportation. Compensation of key management personnel during the period as follow:

	January 1- June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Salary and other short-term benefits	5.304.609	3.008.822	4.181.801	1.301.326
Other long-term benefits	528.275	498.022	32.184	48.825
	<u>5.832.884</u>	<u>3.506.844</u>	<u>4.213.985</u>	<u>1.350.151</u>

5. TANGIBLE, OTHER INTANGIBLE AND RIGHT OF USE ASSETS

	Property, Plant and Equipment	Other Intangible Assets	Right of Use Assets
<u>Cost</u>			
Opening balance as of January 1, 2022	4.918.341.063	5.096.308	23.637.749
Additions	1.852.694	68.112	-
Revaluation effect(*)	-	-	3.085.774
Currency translation differences	684.076.223	391.717	1.248.873
Closing balance as of June 30, 2022	<u>5.604.269.980</u>	<u>5.556.137</u>	<u>27.972.396</u>
<u>Accumulated Depreciation</u>			
Opening balance as of January 1, 2022	(780.300.860)	(3.786.089)	(5.210.201)
Charge for the period	(113.988.320)	(105.659)	(1.493.971)
Currency translation differences	(97.885.557)	(170.741)	(476.818)
Closing balance as of June 30, 2022	<u>(992.174.737)</u>	<u>(4.062.489)</u>	<u>(7.180.990)</u>
Net book value as of June 30, 2022	<u>4.612.095.243</u>	<u>1.493.648</u>	<u>20.791.406</u>

(*) Refers to the changes arising from price increase / (decrease) depending on the index in rent payments.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

5. TANGIBLE, OTHER INTANGIBLE AND RIGHT OF USE ASSETS (cont'd)

	Property, Plant and Equipment	Other Intangible Assets	Right of Use Assets
<u>Cost</u>			
Opening balance as of January 1, 2021	3.222.544.520	4.068.956	9.576.887
Additions	315.955	14.912	-
Revaluation effect(*)	-	-	7.659.358
Currency translation differences	392.912.596	224.235	366.372
Closing balance as of June 30, 2021	3.615.773.071	4.308.103	17.602.617
<u>Accumulated Depreciation</u>			
Opening balance as of January 1, 2021	(438.247.176)	(3.196.045)	(1.985.329)
Charge for the period	(55.710.101)	(61.146)	(950.353)
Currency translation differences	(45.610.375)	(105.084)	(295.517)
Closing balance as of June 30, 2021	(539.567.652)	(3.362.275)	(3.231.199)
Net book value as of June 30, 2021	3.076.205.419	945.828	14.371.418

(*) Refers to the changes arising from price increase / (decrease) depending on the index in rent payments.

Depreciation and amortization expense of TL 110.900.780 (June 30, 2021: TL 54.374.720) has been charged in cost of sales and TL 4.687.170 (June 30, 2021: TL 2.346.880) has been charged in general administrative expenses.

Regarding long-term bank loans and Çaypınar WPP, the Group has a mortgage of TL 604.410.000 (5.000.000 USD and 30.000.000 EUR) on the lands owned by Ayen Enerji and TL 510.680.940 (29.400.000 EUR) on the Çaypınar WPP owned by Ostim, respectively. On September 14, 2021, a mortgage of EUR 24.750.000 was given for the Çaypınar WPP investment. Then, according to the loan agreement signed for the SPP-Solar Power plant investment on 30 November 2021, the total guarantee was increased to 29.400.000 Euros, with the additional guarantee of 4.650.000 Euros. Since it is not possible to make an additional mortgage on the same facility for 4.650.000 Euros, 29.400.000 Euros as a second-degree mortgage is secured in a way to benefit from the first degree. (December 31, 2021: Ayen Enerji: TL 520.182.000, Ayen Ostim: TL 444.348.660 (EUR 29.400.000)). (Note 11)

There are commercial enterprise pledges amounting to TL 140.000.000 over Akbük WPP and amounting to TL 150.000.000 over Mordoğan WPP and Korkmaz WPP. Aforementioned pledges were given on 25 June 2009 and on 30 May 2012 as a guarantee for the investment loan obtained for Akbük WPP and Mordoğan WPP and Korkmaz WPP respectively (Note 16). Besides, in 2021 A commercial enterprise pledge of TL 510.680.940 (EUR 29.400.000) was given to the Development and Investment Bank of Turkey for the Çaypınar Res and Solar Power Plant investments of Ayen Ostim A.Ş. (Note 11).

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

6. INVESTMENT PROPERTIES

	<u>Land and Parcels</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of January 1, 2022	212.560.500	2.832.000	215.392.500
Closing balance as of June 30, 2022	212.560.500	2.832.000	215.392.500

	<u>Land and Parcels</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of January 1, 2021	16.500.000	-	16.500.000
Closing balance as of June 30, 2021	16.500.000	-	16.500.000

The fair value of the Company's investment properties has been obtained according to the valuations performed by an independent appraisal firm authorized by the CMB, which is not affiliated with the Company. In the valuation made according to the International Valuation Standards, the peer method has been taken into account.

7. OTHER CURRENT ASSETS

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Other current assets</u>		
VAT carried forward	25.793.711	25.512.089
Other	3.560.857	1.458.362
	29.354.568	26.970.451

8. SERVICE CONCESSION ARRANGEMENTS

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Due from Service Concession Arrangements</u>		
Short-term receivable from service concession arrangements	85.722.953	62.290.519
Invoiced and undue from service concession arrangements (*)	32.166.763	205.162
Total short-term receivables of service concession arrangements	117.889.716	62.495.681
Long-term receivable from service concession arrangements	216.084.302	200.692.048
Total receivable from service concession arrangements	333.974.018	263.187.729
Gross receivable from service concession arrangements	398.094.894	357.125.917
Unearned financial income (-)	(96.287.639)	(94.143.350)
Receivables from service concession arrangements (*)	32.166.763	205.162
Receivables from service concession arrangements-net	333.974.018	263.187.729

(*) Consists of the receivables invoiced to EÜAŞ but not collected yet.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

8. SERVICE CONCESSION ARRANGEMENTS (cont'd)

As of June 30, 2022 and December 31, 2021, the payment schedules for gross and net due from service concession arrangements are as follows:

	Gross due from service concession arrangements (USD)		Gross due from service concession arrangements (TL)	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Up to 1 year	7.750.420	7.750.420	129.132.848	100.581.076
1 to 2 years	7.750.420	7.750.420	129.132.848	100.581.076
2 to 3 years	6.135.749	7.750.420	102.230.168	100.581.076
3 to 4 years	2.256.655	4.267.593	37.599.030	55.382.689
	23.893.244	27.518.853	398.094.894	357.125.917
	Net due from service concession arrangements (USD)		Net due from service concession arrangements (TL)	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Up to 1 year	5.145.003	4.799.886	85.722.953	62.290.519
1 to 2 years	5.882.713	5.490.121	98.014.234	71.248.040
2 to 3 years	5.113.990	6.275.306	85.206.233	81.437.778
3 to 4 years	1.972.453	3.699.189	32.863.835	48.006.230
	18.114.159	20.264.502	301.807.255	262.982.567

Due from service concession arrangements consist of receivables over the terms of the agreements. In accordance with the Energy Sales Agreement, the ownership of Yamula HEEPs and the electricity equipments will be transferred to the MENR at the end of the operation terms.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

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

9. PREPAID EXPENSES

Short-Term Prepaid Expenses	June 30, 2022	December 31, 2021
Advances given (*)	27.618.466	13.702.959
Prepaid expense for the following months	42.401.982	14.834.576
Job advances	316.389	32.034
	70.336.837	28.569.569
Long-Term Prepaid Expenses	June 30, 2022	December 31, 2021
Advances given (*)	48.243.752	9.160.511
	48.243.752	9.160.511

(*) As of June 30, 2022, TL 48.028.296 of the long-term advances given consists of the advance given to Aydiner for the Çaypınar SPP project. (31.12.2021: TL 7.032.822)

10. FINANCIAL LIABILITIES

The detail of borrowings of the Group as of June 30, 2022 and December 31, 2021 is as follows:

Financial liabilities	June 30, 2022	December 31, 2021
Short-term financial liabilities	429.276.633	441.453.131
Short-term portion of long-term financial liabilities	396.150.391	530.518.154
Long-term financial liabilities	2.815.808.897	2.507.552.673
	3.641.235.921	3.479.523.958

Bank borrowings

Original currency	Weighted average effective interest rate (%)	June 30, 2022	
		Short-term	Long-term
TL	%14,84	29.930.724	5.757.582
USD	%5,24	375.967.628	10.557.032
EURO	%4,79	397.504.117	2.688.661.027
		803.402.469	2.704.975.641
Original currency	Weighted average effective interest rate (%)	December 31, 2021	
		Short-term	Long-term
TL	%13,94	56.511.889	8.992.572
USD	%5,24	310.978.901	16.438.166
EURO	%4,90	591.983.363	2.463.552.235
		959.474.153	2.488.982.973

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

10. FINANCIAL LIABILITIES (cont'd)

Bank borrowings (cont'd)

The redemption schedule of the borrowings as of June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022	December 31, 2021
To be paid within 1 year	803.402.469	959.474.153
To be paid between 1-2 years	472.052.695	384.998.827
To be paid between 2-3 years	391.846.121	350.712.020
To be paid between 3-4 years	352.712.989	325.671.143
To be paid between 4-5 years	331.135.452	283.440.601
5 and more than 5 years	1.157.228.384	1.144.160.382
	3.508.378.110	3.448.457.126

Insurance and commission fees have been recognized under long term borrowings which have been paid for the long-term borrowings of the Group. As of June 30, 2022, deferred financing expense is TL 22.797.348 (December 31, 2021: TL 23.279.026). In accordance with the agreements that the Group made regarding the investment loans, the Group has an obligation to meet some ratios calculated over consolidated financial statements prepared in accordance with Turkish Financial Reporting Standards as of the end of every financial year.

Lease Payables

Lease Payables	June 30, 2022	December 31, 2021
Short-term	22.024.555	12.497.132
Gross lease payables	31.221.844	15.862.211
Interest rates (-)	(9.197.289)	(3.365.079)
Long-term	110.833.256	18.569.700
Gross lease payables	208.740.534	80.855.280
Interest rates (-)	(97.907.278)	(62.285.580)
	132.857.811	31.066.832

As of June 30, 2022, the Group's lease payables consist of; a sale and leaseback agreement amounting to TL 108.025.673 made on May 9, 2022 and the lease payables due to the new TFRS 16 standard amounting to TL 24.832.138 (December 31, 2021: TL 19.948.334). The lease payables due to TFRS 16 consist of lands used by Ayen Enerji, the land used by Ayen Trading and vehicles and offices used by Ayen AS.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

10. FINANCIAL LIABILITIES (cont'd)

Lease Payables (cont'd)

Original currency	Weighted average effective interest rate (%)	June 30, 2022	
		Short-term	Long-term
TL	%18,00	168.363	21.165.539
EURO	%5,80	21.856.192	89.667.717
		22.024.555	110.833.256

Original currency	Weighted average effective interest rate (%)	December 31, 2021	
		Short-term	Long-term
TL	%18,00	11.279.511	16.132.164
EURO	%4,58	1.217.621	2.437.536
		12.497.132	18.569.700

The repayment schedule of financial lease payables is as follows:

	June 30, 2022	December 31, 2021
To be paid within 1 year	22.024.555	12.497.132
To be paid between 1-2 years	20.992.735	622.303
To be paid between 2-3 years	22.274.401	625.721
To be paid between 3-4 years	23.653.549	621.741
To be paid between 4-5 years	22.975.426	630.376
5 and more than 5 years	20.937.145	16.069.559
	132.857.811	31.066.832

As of June 30, 2022 and 2021, the movement for financial liabilities is as follows:

Financial liabilities	2022	2021
Beginning of the period – January 1	3.479.523.957	2.298.028.716
Borrowings received	327.119.554	74.668.250
Borrowings paid	(620.996.577)	(211.511.354)
Change in foreign exchange differences	218.934.513	113.857.468
Currency translation differences	252.215.556	216.241.021
Change in deferred finance expenses	881.809	1.940.702
Change in interest accruals	(20.784.616)	443.032
Revaluation arising from lease agreements (*)	3.085.774	7.659.358
Cash outflows arising from lease agreements	(5.202.406)	(3.676.760)
Interest accruals arising from lease agreements	6.458.357	2.019.851
End of the period – June 30	3.641.235.921	2.499.670.284

(*) The Group has remeasured the lease liability to reflect the changes arising from the price increase due to the index in the lease payments. The effect is reflected in the financial statements as an adjustment to the right-of-use asset.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

As of June 30, 2022, there are cases where the Group is litigant and defendant. Most of the cases are related with the bad debt cases. The Group has not provided any provision as of June 30, 2022, as the lawyers have not foreseen a significant cash outflow for the ongoing lawsuits as of the date of preparation of the consolidated financial statements.

b) Contingent Assets and Liabilities

Contingent assets	June 30, 2022	December 31, 2021
Letters of guarantee received (*)	232.678.995	12.180.208
Guarantees given on behalf of Ayen Enerji (**)	532.812.873	600.951.565
	765.491.868	613.131.773

(*) Received by Ayen Elektrik as guarantee risks that might occur in collecting related with electricity sales.

(**) Consists of Aydın İnşaat A.Ş.'s guarantee obtained regarding cash and non-cash General Loan Agreements signed by the Group with banks.

The commitments and contingent liabilities of the Group that are not expected to result in material loss or liability is summarized as follows:

Contingent liabilities	June 30, 2022	December 31, 2021
Commercial enterprise pledge (*)	800.680.940	734.348.660
Letters of guarantee given (**)	111.293.643	138.089.518
Letters of conveyance given (***)	40.387.930	25.120.051
Mortgages given (****)	1.115.090.940	964.530.660
	2.067.453.453	1.862.088.889

(*) The Group has given commercial enterprise pledge amounting to TL 140.000.000 as a guarantee for the loan used for construction of Akbük WPP, on 25 June 2009 and TL 150.000.000 as a guarantee for the loan used for Mordoğan WPP and Korkmaz WPP on 30 May 2012. Besides, in 2021 A commercial enterprise pledge of 510,680,940 TL (29,400,000 EUR) was given to the Development and Investment Bank of Turkey for the Çaypınar Res and Solar Power Plant investments of Ayen Ostim A.Ş.

(**) Letters of guarantee given consist of TL 27.480.960,76 in terms of EUR, TL 40.051.073,24 in terms of TL. Letters of guarantee given comprises that TL 22.394.925,80 (EUR 1.026.740, TL 4.404.284,85) has been given to TEİAŞ, TL 11.851.920 has been given to Enerjisa Elektrik Enerjisi Toptan Satış A.Ş., TL 10.000.000 has been given to EPİAŞ, TL 9.490.319,80 (EUR 541.620) has been given to Atlas Enerji to buy-sale energy, other letters mainly consist of guarantees given in relation to reciprocal agreements which are signed between electricity trade companies and the Group and guarantees given in relation to System Use Agreement.

(***) Regarding the "Royalty agreement of the establishment and operation of Yamula Dam and HEPP and sale of the produced electricity to EÜAŞ" and the "Energy sales agreement for Yamula Dam and HEPP" signed with MENR on 7 July 2003 Kayseri Elektrik USD 2.424.042 was given (December 31, 2021: USD 1.881.229) as a conveyance for the loan.

(****) Regarding long-term bank loans and Çaypınar WPP, the Group has a mortgage of TL 604.410.000 (5.000.000 USD and 30.000.000 EUR) on the lands owned by Ayen Enerji and TL 510.680.940 (29.400.000 EUR) on the Çaypınar WPP owned by Ostim, respectively. On September 14, 2021, a mortgage of EUR 24.750.000 was given for the Çaypınar WPP investment. Then, according to the loan agreement signed for the SPP-Solar Power plant investment on 30 November 2021, the total guarantee was increased to 29.400.000 Euros, with the additional guarantee of 4.650.000 Euros. Since it is not possible to make an additional mortgage on the same facility for 4.650.000 Euros, 29.400.000 Euros as a second-degree mortgage is secured in a way to benefit from the first degree.) (December 31, 2021: Ayen Enerji: TL 520.182.000, Ayen Ostim TL 444.348.660 (EUR 29.400.000).

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

12. COMMITMENTS

Guarantees, pledge and mortgage (“GPM”) position of the Group as of June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022				December 31, 2021			
	TL Equivalent	TL	USD	EURO	TL Equivalent	TL	USD	EURO
Total GPM given on behalf of the legal entity:	921.283.289	309.624.920	5.000.000	30.417.290	822.584.700	299.379.920	5.000.000	30.200.000
Guarantee Letter	26.873.289	19.624.920	-	417.290	12.402.700	9.379.920	-	200.000
Pledge	290.000.000	290.000.000	-	-	290.000.000	290.000.000	-	-
Mortgage	604.410.000	-	5.000.000	30.000.000	520.182.000	-	5.000.000	30.000.000
Guarantee	-	-	-	-	-	-	-	-
Total GPM Given on behalf of the subsidiaries that are included in full consolidation:	1.146.170.164	64.426.153	2.424.042	59.951.070	1.039.504.189	63.376.402	5.481.833	59.741.620
Conveyance	40.387.930	-	2.424.042	-	25.120.051	-	1.881.229	-
Guarantee Letter	84.420.354	64.426.153	-	1.151.070	125.686.818	63.376.402	3.600.604	941.620
Pledge	510.680.940	-	-	29.400.000	444.348.660	-	-	29.400.000
Mortgage	510.680.940	-	-	29.400.000	444.348.660	-	-	29.400.000
Guarantee	-	-	-	-	-	-	-	-
Total GPM given for execution of ordinary commercial activities to collect third parties debt	-	-	-	-	-	-	-	-
Other guarantees given	-	-	-	-	-	-	-	-
i. GPM given on behalf of main shareholder	-	-	-	-	-	-	-	-
ii. GPM given on behalf of group companies not covered by B and C.	-	-	-	-	-	-	-	-
iii. GPM given on behalf of group companies not covered by C.	-	-	-	-	-	-	-	-
Total GPM given on behalf of the legal entity:	2.067.453.453	374.051.073	7.424.042	90.368.360	1.862.088.889	362.756.322	10.481.833	89.941.620

(*) The ratio of other GPM to equity as at June 30, 2022 is 0%. (December 31, 2021: 0%)

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company is subject to registered capital system. The approved and issued capital of the Company consists of 27.750.000.000 shares (December 31, 2021: 27.750.000.000) with TL 0,01 nominal price each. The mentioned capital is fully paid.

The composition of the Company's paid-in share capital as of June 30, 2022 and December 31, 2021 is as follows:

<u>Shareholders</u>	<u>%</u>	<u>June 30, 2022</u>	<u>%</u>	<u>December 31, 2021</u>
Aydiner İnşaat A.Ş.	84,98	235.812.946	84,98	235.812.946
Public quotation	15,01	41.656.325	15,01	41.656.325
Other	<1	30.729	<1	30.729
Subscribed capital		277.500.000		277.500.000

The operations of the Company are managed by the Board of Directors with at least 7 (seven) members that consist 5 (five) A type shareholders determined in the General Assembly in accordance with the Turkish Commercial Code. Each (A) type shareholders have 15 voting rights in Ordinary and Extraordinary General Assemblies.

Restricted profit reserves and retained earnings

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, if the general legal reserve does not exceed half of the capital or issued capital, it can only be used for measures to close the losses, to continue the business when things are not going well or to prevent unemployment and to take precautions to mitigate its consequences. As of June 30, 2021 the amount of restricted profit reserves is TL 77.498.004. (December 31, 2021: 71.893.619 TL).

Resources Available for Profit Distribution

As of balance sheet date, there is net profit amounting TL 78.577.501 in the statutory records of the Company. (December 31, 2021 Net profit TL 36.963.857).

14. REVENUE AND EXPENSES BY NATURE

	<u>January 1 - June 30, 2022</u>	<u>January 1 - June 30, 2021</u>	<u>April 1 - June 30, 2022</u>	<u>April 1 - June 30, 2021</u>
Electricity sales	2.212.411.397	558.725.422	1.279.467.462	272.722.182
Interest income from service concession arrangements	21.510.549	12.432.028	19.623.534	9.249.599
	<u>2.233.921.946</u>	<u>571.157.450</u>	<u>1.299.090.996</u>	<u>281.971.781</u>

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

14. REVENUE AND EXPENSES BY NATURE (cont'd)

	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Cost of sales	1.194.515.267	353.460.610	796.358.750	170.187.071
General and administrative expenses	29.863.846	15.193.304	18.775.386	8.493.858
	<u>1.224.379.113</u>	<u>368.653.914</u>	<u>815.134.136</u>	<u>178.680.929</u>
	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Cost of electricity (*)	862.489.857	205.836.821	596.111.988	93.150.503
System usage and capacity fee (**)	176.293.572	64.161.314	106.647.992	32.690.035
Depreciation and amortization expenses	115.587.950	56.721.600	73.113.539	29.826.163
Personnel expenses (***)	29.332.766	17.234.697	15.140.747	9.143.821
Plant technical assistance and maintenance	19.577.184	8.932.327	11.792.517	4.780.965
Insurance expenses	5.452.584	3.185.148	4.061.097	1.962.599
Consultancy fees	2.541.620	3.040.582	802.686	1.702.093
Office expenses	2.506.870	944.633	469.539	214.432
Hydraulic contribution	1.923.108	654.872	1.614.677	582.483
Taxes and duties	1.645.599	590.680	1.503.109	294.255
Transportation expenses	1.109.764	355.850	510.992	57.343
Chamber and dues expenses	238.665	293.643	112.229	224.227
Other	5.679.574	6.701.747	3.253.024	4.052.010
	<u>1.224.379.113</u>	<u>368.653.914</u>	<u>815.134.136</u>	<u>178.680.929</u>

(*) Consists of the amount of electricity that Ayen Enerji, Ayen Elektrik and the companies trading electricity in abroad purchase from EPIAŞ and suppliers other than group companies and sell to customers.

(**) The Group reflects the transmission service invoices issued by TEİAŞ and the Electricity Distribution Corporation ("EDAŞ") and sent to the Group by invoicing the same amounts to EÜAŞ and electricity distribution system usage fees to other customers. The amounts that can be reflected to EÜAŞ and other customers are shown in the accompanying consolidated financial statements by netting with sales, but the amounts that could not be reflected and paid to TEİAŞ by the Group are reflected in the cost of sales.

(***) TL 17.727.400 (June 30, 2021: TL 10.760.923) of personnel expenses are included in the cost of sales and TL 11.605.366 (June 30, 2021: TL 6.473.774) are included in general administrative expenses.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

15. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the period ended June 30, 2022 and 2021 are as follows:

	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1- June 30, 2022	April 1- June 30, 2021
Financial market revenues (*)	112.322.905	34.398.471	49.367.465	19.476.311
Foreign exchange gain arising from operating activities	18.962.794	4.709.321	10.479.093	2.295.078
Other	30.488.590	15.052.739	15.117.596	12.333.179
	<u>161.774.289</u>	<u>54.160.531</u>	<u>74.964.154</u>	<u>34.104.568</u>

(*) Income from non-physical electricity sales.

The details of other expenses from operating activities for the period ended June 30, 2022 and 2021 are as follows:

	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1- June 30, 2022	April 1- June 30, 2021
Financial market expenses (*)	184.922.455	57.122.306	37.099.508	31.757.173
Foreign exchange losses arising from operating activities	28.595.525	5.106.838	10.686.114	2.694.546
Kızılcahamam forest expense (**)	115.686	83.086	76.016	43.416
Other	2.385.726	644.496	766.394	200.517
	<u>216.019.392</u>	<u>62.956.726</u>	<u>48.628.032</u>	<u>34.695.652</u>

(*) Expenses from non-physical electricity purchases.

16. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

The details of income from investing activities for the years ended June 30, 2022 and 2021 are as follows:

	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1- June 30, 2022	April 1- June 30, 2021
Foreign exchange income/ (expense)	103.436.638	45.159.974	52.044.296	14.403.439
Revenue from sale and lease back operation	7.793.723	3.597.104	5.995.172	1.798.552
	<u>111.230.361</u>	<u>48.757.078</u>	<u>58.039.468</u>	<u>16.201.991</u>

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

17. FINANCIAL EXPENSES

	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1- June 30, 2022	April 1- June 30, 2021
Net foreign exchange (loss)/ income	(208.991.241)	(106.047.680)	(77.984.167)	(38.454.932)
Bank loan interests	(113.289.338)	(78.557.646)	(60.562.417)	(41.554.361)
Deferred finance expenses	(1.404.927)	(1.125.768)	(842.291)	(562.592)
Operational lease interest expenses	(6.458.357)	(2.013.177)	(6.972.775)	(1.763.119)
Interest income	9.793.343	4.949.906	5.888.366	2.301.233
Other	(1.457.335)	(769.405)	1.882.421	47.132
	<u>(321.807.855)</u>	<u>(183.563.770)</u>	<u>(138.590.863)</u>	<u>(79.986.639)</u>

18. EARNING PER SHARE

	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Profit for the year attributable to equity holders of the Parent	582.130.319	37.419.177	353.496.688	29.176.143
Average number of outstanding shares	27.750.000.000	27.750.000.000	27.750.000.000	27.750.000.000
Earnings per basic, 1.000 shares (TL)	20,98	1,35	12,74	1,05

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

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

19. FOREIGN CURRENCY POSITION

Transactions in foreign currencies expose the Group to foreign currency risk.

As of June 30, 2022 and December 31, 2021 the amount of foreign currency denominated assets and liabilities and TL equivalent amounts are as follows:

	June 30, 2022		
	TL Equivalent	USD	EURO
Trade receivables	315.895.313	4.969.266	13.419.634
Monetary financial assets	219.024.580	542.593	12.088.832
Due from short term service concession arrangements	117.889.716	7.075.619	-
Other assets	103.774.154	-	5.974.298
CURRENT ASSETS	756.583.763	12.587.478	31.482.764
Due from long term service concession arrangements	216.084.302	12.969.156	-
Other assets	191.367.642	-	11.017.072
NON-CURRENT ASSETS	407.451.944	12.969.156	11.017.072
TOTAL ASSETS	1.164.035.707	25.556.634	42.499.836
Trade payables	140.994.056	241.445	7.870.861
Financial liabilities	773.471.745	22.524.631	22.843.226
Financial leases	21.856.192	-	1.256.002
CURRENT LIABILITIES	936.321.993	22.766.076	31.970.089
Financial liabilities	2.699.218.059	632.483	154.508.317
Financial leases	89.667.717	-	5.152.902
NON-CURRENT LIABILITIES	2.788.885.776	632.483	159.661.219
TOTAL LIABILITIES	3.725.207.769	23.398.559	191.631.308
Net Foreign Currency Liability Position	(2.561.172.062)	2.158.075	(149.131.472)

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

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

19. FOREIGN CURRENCY POSITION (cont'd)

	December 31, 2021		
	TL Equivalent	USD	EURO
Trade receivables	218.773.478	180.116	14.341.951
Monetary financial assets	126.997.384	683.385	7.814.071
Due from short term service concession arrangements	62.495.681	4.688.700	-
Other	88.981	-	5.898
CURRENT ASSETS	408.355.524	5.552.201	22.161.920
Due from long term service concession arrangements	200.692.048	15.056.797	-
Other	166.211.260	-	11.017.072
NON-CURRENT ASSETS	366.903.308	15.056.797	11.017.072
TOTAL ASSETS	775.258.832	20.608.998	33.178.992
Trade payables	91.051.898	2.009.573	4.248.941
Financial liabilities	902.962.264	23.289.066	39.168.141
Financial leases	1.217.621	-	80.563
CURRENT LIABILITIES	995.231.783	25.298.639	43.497.645
Financial liabilities	2.479.990.401	1.231.047	162.999.109
Financial leases	2.437.536	-	161.278
NON-CURRENT LIABILITIES	2.482.427.937	1.231.047	163.160.387
TOTAL LIABILITIES	3.477.659.720	26.529.686	206.658.032
Net Foreign Currency Liability Position	(2.702.400.888)	(5.920.688)	(173.479.040)

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

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

19. FOREIGN CURRENCY POSITION (cont'd)

The following table details the Group's sensitivity to a 10% increase and decrease in USD, and EURO. 10% 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 10% change in foreign currency rates. A positive number indicates an increase in profit or loss.

The Group is mainly exposed to USD and EURO denominated foreign exchange risk.

	June 30, 2022	
	Profit/ Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation in USD against TL		
USD net asset/liability	3.525.459	(3.525.459)
Part of hedged from US Dollar risk (-)		
USD net effect	3.525.459	(3.525.459)
In case 10% appreciation in EURO against TL		
EURO net asset/liability	(259.642.665)	259.642.665
Part of hedged from EURO risk (-)		
EURO net effect	(259.642.665)	259.642.665
TOTAL	(256.117.206)	256.117.206

	December 31, 2021	
	Profit/ Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation in USD against TL		
USD net asset/liability	-	-
Part of hedged from US Dollar risk (-)	(7.905.895)	7.905.895
USD net effect	-	-
In case 10% appreciation in EURO against TL		
EURO net asset/liability	(262.194.486)	262.194.486
Part of hedged from EURO risk (-)	-	-
EURO net effect	(262.194.486)	262.194.486
TOTAL	(270.100.381)	270.100.381

20. EVENTS AFTER THE REPORTING PERIOD

None.