

**MARGÜN ENERJİ ÜRETİM
SANAYİ VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED FINANCIAL STATEMENTS
AS FOR 31 DECEMBER 2025 AND
INDEPENDENT AUDITOR'S REPORT

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

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MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

(Amounts expressed in Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

	Notes	Current Period 31 December 2025	Prior Period 31 December 2024
ASSETS			
Current Assets		1.533.162.393	1.847.524.692
Cash and Cash Equivalents	30	417.849.716	150.794.647
Financial Investments		-	-
Trade Receivables	6	660.578.833	1.172.756.954
Trade Receivables from Related Parties	5	-	369.717.832
Trade Receivables from Third Parties		660.578.833	803.039.122
Other Receivables	7	239.930.263	321.767.146
Other Receivables from Related Parties	5	239.271.512	321.095.980
Other Receivables from Third Parties		658.751	671.166
Derivative Instruments	25-a	42.676.453	15.468.478
Inventories	8	47.694.875	67.971.534
Prepaid Expenses	9	98.479.300	97.985.958
Assets Related to Current Period Tax	23	1.820.141	547.708
Other Current Assets	16	24.132.812	20.232.267
Non-Current Assets		19.415.423.617	20.295.579.290
Financial Investments	25-b	3.239.542.400	4.134.876.347
Other Receivables	7	11.985.336	9.556.445
Other Receivables from Third Parties		11.985.336	9.556.445
Derivative Instruments	25-a	48.033.776	32.881.441
Investment Properties	10	1.788.267.718	2.551.598.157
Property, Plant and Equipment	11	14.186.860.196	13.565.637.674
Intangible Assets		65.901.844	1.029.226
Right of Use Assets		74.832.347	-
TOTAL ASSETS		20.948.586.010	22.143.103.982

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

**MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS
SUBSIDIARIES**

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

	Notes	Current Period 31 December 2025	Prior Period 31 December 2024
LIABILITIES			
Current Liabilities		3.509.254.821	2.609.866.970
Short-Term Borrowings	25-c	1.011.608.816	782.741.423
Short-Term Portions of Long-Term Borrowings	25-c	1.361.205.671	1.185.449.139
Short-Term Lease Liabilities			-
Trade Payables	6	498.080.657	555.291.763
Trade Payables to Third Parties		498.080.657	555.291.763
Payables Related to Employee Benefits	15	10.016.956	8.013.173
Other Payables	7	545.471.442	6.793.223
Other Payables to Related Parties	5	518.212.531	566.454
Other Payables to Third Parties		27.258.911	6.226.769
Derivative Instruments	25-a	747.245	1.316.626
Deferred Income	9	39.837.369	49.000.571
Short Term Provisions		4.194.025	3.299.110
Short Term Provisions Related to Employee Benefits	15	3.732.374	3.299.110
Other Short Term Provisions		461.651	-
Other Current Liabilities	16	28.887.132	17.961.942
Non-Current Liabilities		4.492.455.542	4.345.364.278
Long-Term Borrowings	25-c	2.001.481.701	2.510.428.519
Long-Term Lease Liabilities		61.752.312	-
Long-Term Provisions		3.286.836	2.021.828
Long-term Provisions for Employee Benefits	15	3.286.836	2.021.828
Deferred Tax Liability	23	2.425.934.693	1.832.913.931
EQUITY		12.946.875.647	15.187.872.734
Equity holders of the parent		12.924.292.007	15.187.872.734
Share Capital	17	2.950.000.000	1.180.000.000
Capital Adjustment Differences	17	3.555.224.812	5.325.224.812
Treasury shares (-)		(3.099.192)	(126.301)
Share Premiums/Discounts	17	1.180.977.524	1.180.977.524
Accumulated Other Comprehensive Income (Expenses)			
to be Reclassified to Profit or Loss		(3.322.029.732)	(2.666.235.020)
- Gains/Losses on Cash Flow Hedges	17	(3.322.029.732)	(2.666.235.020)
Accumulated Other Comprehensive Income (Expenses)			
not to be Reclassified to Profit or Loss		9.025.704	(2.002.982)
- Gain / Loss on Remeasurement of Defined Benefit Plans		(3.831.448)	(2.002.982)
- Foreign currency translation differences		12.857.152	-
Restricted Reserves Appropriated from Profit	17	61.462.940	58.490.050
Retained earnings		10.108.571.761	10.480.498.130
Net Profit/Loss for the Period		(1.615.841.810)	(368.953.479)
Non-controlling interest		22.583.640	
TOTAL LIABILITIES AND EQUITY		20.948.586.010	22.143.103.982

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

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2025

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

	Notes	Current Period 1 January- 31 December 2025	Prior Period 1 January- 31 December 2024
PROFIT OR LOSS			
Revenue	18	1,375,486,112	1,485,165,545
Cost of Sales (-)	18	(1,004,117,399)	(1,001,991,661)
		371,368,713	483,173,884
GROSS PROFIT/LOSS			
General Administrative Expenses (-)	19	(302,627,520)	(408,940,273)
Other Income from Operating Activities	20	195,852,133	147,919,224
Other Expenses from Operating Activities (-)	20	(65,137,556)	(129,575,909)
		199,455,770	92,576,926
OPERATING PROFIT/LOSS			
Income from Investing Activities	21	923,703,965	427,020,011
Expenses from Investing Activities (-)	21	(2,485,722,447)	(1,783,884,713)
		(1,362,562,712)	(1,264,287,776)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES			
Monetary Gain / (Loss)	27	1,308,070,185	1,420,726,383
Finance Income (+)	22	97,480,240	125,535,085
Finance Expenses (-)	22	(1,380,012,092)	(890,301,337)
		(1,337,024,379)	(608,327,645)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
Tax Expense/Income from Continuing Operations		(278,933,471)	239,374,166
Deferred Tax Expense/Income	23	(278,933,471)	239,374,166
		(1,615,957,850)	(368,953,479)
PROFIT/LOSS FOR THE PERIOD			
Distribution of Profit/Loss for the Period			
Non-controlling interest		(116,040)	-
Equity Holders of the Parent		(1,615,841,810)	(368,953,479)
		(1,615,957,850)	(368,953,479)
Earnings per share			
	24	(0.55)	(0.13)
		(1,615,957,850)	(368,953,479)
PROFIT/LOSS FOR THE PERIOD			
OTHER COMPREHENSIVE INCOME:			
Items not to be Reclassified To Profit or Loss		11,028,686	(686,545,521)
Revaluation Increase/Decrease in Property, Plant and Equipment		-	(907,426,640)
Remeasurement Gains/Losses of Defined Benefit Plans		(2,437,955)	(70,181)
Foreign currency translation differences		12,857,152	-
Taxes on Other Comprehensive Income that will not be Reclassified to Profit or Loss		609,489	220,951,300
Deferred Tax Expense/Income		609,489	220,951,300
Items to be Reclassified To Profit or Loss		(655,794,712)	(294,871,235)
Other Comprehensive Income (Expense) Related to Cash Flow Hedges		(341,097,932)	(393,161,644)
Taxes on Other Comprehensive Income that will be Reclassified to Profit or Loss		(314,696,780)	98,290,409
Deferred Tax Expense/Income		(314,696,780)	98,290,409
		(644,766,026)	(981,416,756)
OTHER COMPREHENSIVE INCOME			
		(2,260,723,876)	(1,350,370,235)
TOTAL COMPREHENSIVE INCOME			
Attributable to:		(2,260,723,876)	(1,350,370,235)
Non-controlling interest		(116,040)	-
Equity holders of the parent		(2,260,607,836)	(1,350,370,235)

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

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2025

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

	Paid-in Capital	Capital Adjustment Differences	Treasury shares (-)	Share Premiums/ Discounts	Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss		Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		Restricted Reserves Appropriated from Profit	Retained Earnings		Equity holders of the parent	Non-controlling interest	Total Equity
					Revaluation and Remeasurement Gain / Losses	Accumulated Remeasurement Gains/Losses of Defined Benefit	Foreign currency translation differences	Cash Flow Hedge Gains (Losses)		Prior Years' Profit / Losses	Net Profit / Loss for the Period			
Balances as of 1 January 2024 (Beginning of the Period)	1.180.000.000	5.325.224.812	(54.320.064)	1.274.955.253	686.492.885	(1.950.346)	-	(2.371.363.785)	56.279.009	9.895.277.348	587.431.823	16.578.026.935	-	16.578.026.935
Transfers	-	-	-	-	-	-	-	-	2.211.041	585.220.782	(587.431.823)	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	(686.492.885)	(52.636)	-	(294.871.235)	-	-	(368.953.479)	(1.350.370.235)	-	(1.350.370.235)
Increase/Decrease due to Share Repurchase Transactions	-	-	54.193.763	(93.977.729)	-	-	-	-	-	-	-	(39.783.966)	-	(39.783.966)
Balances as of 31 December 2024	1.180.000.000	5.325.224.812	(126.301)	1.180.977.524	-	(2.002.982)	-	(2.666.235.020)	58.490.050	10.480.498.130	(368.953.479)	15.187.872.734	-	15.187.872.734
Balances as of 1 January 2025 (Beginning of the Period)	1.180.000.000	5.325.224.812	(126.301)	1.180.977.524	-	(2.002.982)	-	(2.666.235.020)	58.490.050	10.480.498.130	(368.953.479)	15.187.872.734	-	15.187.872.734
Transfers	-	-	-	-	-	-	-	-	2.972.890	(371.926.369)	368.953.479	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	-	(1.828.466)	12.857.152	(655.794.712)	-	-	(1.615.841.810)	(2.260.607.836)	(116.040)	(2.260.723.876)
Increase/Decrease due to Share Repurchase Transactions	-	-	(2.972.891)	-	-	-	-	-	-	-	-	(2.972.891)	-	(2.972.891)
Capital increase	1.770.000.000	(1.770.000.000)	-	-	-	-	-	-	-	-	-	-	22.699.680	22.699.680
Balances as of 31 December 2025	2.950.000.000	3.555.224.812	(3.099.192)	1.180.977.524	-	(3.831.448)	12.857.152	(3.322.029.732)	61.462.940	10.108.571.761	(1.615.841.810)	12.924.292.007	22.583.640	12.946.875.647

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

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2025

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

	Current Period 1 January- 31 December 2025	Prior Period 1 January- 31 December 2024
Notes		
A. Cash Flows from Operating Activities		
Profit/Loss for the Period	(1.615.841.810)	(368.953.479)
Adjustments Related to Reconciliation of Net Profit/Loss for the Period		
- Adjustments Related to Depreciation and Amortization Expenses	432.264.610	391.793.205
- Adjustments Related to Provisions	894.915	1.189.426
- Adjustments Related to Interest Income and Expenses	528.955.814	437.513.448
- Adjustments Related to Fair Value Losses (Gains) on Derivative Financial Instruments	(42.929.691)	96.540.563
- Adjustments Related to Unrealised Foreign Currency Translation Differences	302.508.568	232.729.946
- Adjustments Related to Fair Value Losses/Gains	21 1.590.388.500	1.691.299.981
- Fair Value Losses (Gains) of Financial Assets	21 895.333.947	(318.790.838)
- Adjustments Related to Employment Termination Benefits	15 1.759.770	1.371.442
- Adjustments Related to Tax Expense / Income	23 278.933.471	(239.374.166)
- Monetary Loss/Gain	(2.075.892.344)	(1.903.418.642)
Changes in working capital	296.375.750	21.900.886
- Adjustments Related to Increase / Decrease in Inventories	20.276.659	19.147.122
- Adjustments Related to Increase / Decrease in Trade Receivables	512.178.121	361.739.492
- Adjustments Related to Increase / Decrease in Other Payables from Operations	21.032.142	(5.503.233)
- Adjustments Related to Increase / Decrease in Other Receivables from Operations	(2.416.476)	(8.952.306)
- Adjustments Related to Decrease (Increase) in Other Assets	(3.900.545)	(4.299.318)
- Adjustments Related to Increase/Decrease in Trade Payables	(57.211.106)	(193.759.024)
- Adjustments Related to Increase/Decrease in Prepaid Expenses	(493.342)	76.726.736
- Adjustments Related to Increase / Decrease in Employee Benefits	3.702.055	491.819
- Adjustments Related to Increase (Decrease) in Other Liabilities	10.925.190	1.114.649
- Increase (Decrease) in Deferred Income (Excluding Liabilities arising from Customer Contracts)	(9.163.202)	(7.464.513)
- Employment Termination Benefit Paid	15 (3.006.151)	(2.400.234)
- Tax Payments/Refunds	(1.272.433)	6.694.200
	787.026.662	265.436.276
B. Cash Flows Generated from Investing Activities		
Cash Outflows Arising from The Acquisition of a Subsidiary	3 (316.010.247)	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets	43.829.155	13.946.430
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	(96.807.496)	(82.442.545)
Interest received	92.741.482	48.858.319
Change in financial assets	-	13.742.629
Repurchased Shares	(2.972.891)	(39.783.965)
	(279.219.997)	(45.679.132)
C. Cash Flows from Financing Activities		
Cash Inflows/Outflows arising from Other Receivables and Other Payables from Related Parties	599.470.545	(320.529.526)
Cash Inflows from Borrowings	25 960.777.642	1.550.702.646
Cash Outflows Related to Debt Repayments	25 (1.228.758.715)	(1.154.036.977)
Interest Paid	22 (607.830.608)	(482.568.141)
	(276.341.136)	(406.431.998)
THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)	231.465.529	(186.674.854)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	150.794.647	487.234.320
E. INFLATION IMPACT ON CASH AND CASH EQUIVALENTS	35.589.540	(149.764.819)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	417.849.716	150.794.647

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31,2025

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

Margün Enerji Üretim Sanayi ve Ticaret Anonim Şirketi was established in 2014 in Turkey and operates in the establishment and commissioning of power plants to generate electricity from renewable energy sources, primarily solar energy, electric power generation, establishment and contracting of power generation facilities.

The registered address and head office of the Company is Kızılırmak Mahallesi 1450 Sokak Numara 1/67, Çankaya/Ankara.

As of December 31, 2025, the average number of personnel is 148 (31 December 2024: 146).

The Company's subsidiaries, their main fields of activity and capital shares are as follows:

Subsidiaries	Proportion of ownership interest/controlling interest (%)	Main Activity	Country
Bosphorus Yenilenebilir Enerji A.Ş.	100%/100%	Energy production	Turkey
Agah Enerji Üretim Sanayi ve Ticaret A.Ş.	100%/100%	Energy production	Turkey
Angora Elektrik Üretim A.Ş.	100%/100%	Repair and maintenance services	Turkey
Anatolia Yenilenebilir Enerji A.Ş.	100%/100%	Energy production	Turkey
Troya Yenilenebilir Enerji Ticaret A.Ş.	100%/100%	Energy production	Turkey
Soleil Yenilenebilir Enerji Ticaret A.Ş.	100%/100%	Energy production	Turkey
Ensoft Teknoloji Geliştirme ve Arge A.Ş.	100%/100%	Software	Turkey
Margun Climatech B.V. (*)	100%/100%	Holdings	Netherlands
Margun Italy Climatech S.R.L (*)	100%/100%	Climate Tech	Italy
Margun Romania Climatech S.R.L (*)	100%/100%	Climate Tech	Romania
Margun UK Climatech LTD (*)	100%/100%	Climate Tech	United Kingdom
Margun Spain Climatech S.L (*)	100%/100%	Climate Tech	Spain
Margun Greece Climatech A.E (*)	100%/100%	Climate Tech	Greece
RSC Elektrik Üretim İnşaat Turizm A.Ş.	100%/100%	Energy production	Turkey
Margün Jeotermal Enerji Üretim A.Ş. (**)	77,5%/77,5%	Energy production	Turkey

(*) The companies established during 2024 have not commenced active operations. These companies were included in the consolidation during 2025.

(**) Margün Jeotermal Enerji Üretim A.Ş. was registered on 7 November 2025 and published in the Trade Registry Gazette No. 1121. The Company has been included in the Group’s consolidation scope since its date of incorporation..

The Group's installed capacity (mWp) for energy generation is listed below;

Province	District	Faaliyet Konusu	Installed Power	Production Power(MWe)
Ankara	Akyurt/ Kahramankazan/ Kızılçhamam/ Polatlı	GES	25.84 (MWp)	22.58
Yozgat	Akdağmadeni /Sorgun	GES	6.68 (MWp)	5.69
Nevşehir	Merkez	GES	10.32 (MWp)	8.99
Afyon	Dazkırı/ Sinanpaşa	GES	15.49 (MWp)	13.78
Bilecik	Söğüt	GES	2.15 (MWp)	2.00
Konya	Selçuklu/ Tuzlukçu	GES	19.35 (MWp)	17.00
Antalya	Elmalı	GES	3.52 (MWp)	3.54
Eskişehir	Sivrihisar	GES	3.38 (MWp)	2.97
Adana	Çukurova	GES	11.13 (MWp)	9.93
Muğla	Milas	GES	20.17 (MWp)	14.00
İzmir	Seferihisar	JES	12.00 (MWm)	12.00
			130.03	112.48

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31,2025

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

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

Approval of Consolidated Financial Statements

The consolidated financial statements for the period ended December 31, 2025, were approved by the Board of Directors on March 11, 2026, and authorized for issuance. The General Assembly has the authority to make amendments to the financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to TFRS

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

In addition, the consolidated financial statements have been prepared in accordance with the formats of “TFRS Taxonomy Announcement” published by POA and Financial Statement Examples and Guidelines for Use published by CMB, on July 3, 2024 .

The financial statements have been prepared on the historical cost basis except for revaluation of certain property, plant and equipment and financial instruments. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

Currency Used

The individual financial statements of each Group entity are presented in the currency (functional currency) of the primary economic environment in which the entity operates. The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Restatement of financial statements during periods of high inflation

Pursuant to the Capital Markets Board’s (CMB) decision No. 81/1820 dated December 28, 2023, it has been decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards shall implement inflation accounting in accordance with TMS 29, starting from their annual financial reports for the fiscal periods ended December 31, 2023.

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31,2025

(Amounts expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL at 31 December 2025 unless otherwise indicated.)

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

2.1 Basis of Presentation (cont’d)

Restatement of financial statements during periods of high inflation (cont’d)

Pursuant to the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, and the published “Implementation Guide on Financial Reporting in Hyperinflationary Economies,” the Group has prepared its consolidated financial statements as of December 31, 2025, and for the year then ended in accordance with TMS 29 “Financial Reporting in Hyperinflationary Economies.” Under this standard, financial statements prepared in the currency of a hyperinflationary economy are expressed in the purchasing power of that currency at the balance sheet date, and prior period financial statements are restated in the current measurement unit at the end of the reporting period for comparative purposes. Accordingly, the Group has also presented its consolidated financial statements as of December 31, 2024, based on purchasing power as of December 31, 2025.

TMS 29 applies to the financial statements of every entity, including consolidated financial statements, whose functional currency is the currency of a hyperinflationary economy. When high inflation exists in an economy, TMS 29 requires that the financial statements of an entity whose functional currency is that of the hyperinflationary economy be expressed in the measuring unit current at the end of the reporting period.

As of the reporting date, since the cumulative change in general purchasing power over the last three years, based on the Consumer Price Index (CPI), exceeds 100%, entities operating in Turkey are required to apply TMS 29 “Financial Reporting in Hyperinflationary Economies” for reporting periods ending on or after December 31, 2025.

The table below presents the inflation rates for the relevant years, calculated based on the Consumer Price Indices published by the Turkish Statistical Institute (TUIK):

Date	Index	Adjustment Factor	Three-Year Cumulative Inflation Rate
31 December 2025	3,513.87	1.00000	211%
31 December 2024	2,684.55	1.30892	291%
31 December 2023	1,859.38	1.88980	268%

The main outlines of TMS 29 indexing adjustments are as follows:

- All items, except those presented at current purchasing power as of the balance sheet date, have been indexed using the relevant price index coefficients. Amounts from prior years have been indexed in the same manner.
- Monetary assets and liabilities have not been indexed, as they are already expressed at the current purchasing power as of the balance sheet date. Monetary items include cash and items to be received or paid in cash.
- Fixed assets, investments, and similar assets have been indexed based on their acquisition cost, not exceeding market values. Depreciation has been adjusted in a similar manner. Amounts included in equity have been restated using the general price indices applicable at the time they were contributed to or generated within the company.

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

2.1 Basis of Presentation (cont’d)

Restatement of financial statements during periods of high inflation (cont’d)

- All items in the income statement, except for the effects of non-monetary balance sheet items, have been indexed using coefficients calculated based on the periods when the respective income and expense accounts were initially recognized in the financial statements.
- Gains or losses resulting from general inflation on the net monetary position represent the difference between adjustments made to non-monetary assets, equity items, and income statement accounts. These gains or losses calculated on the net monetary position have been included in net profit.

The impact of applying the TMS 29 Inflation Accounting standard is summarized below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate.

When consolidating financial statements with different reporting period ends, all monetary and nonmonetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

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

2.1 Basis of Presentation (cont’d)

Restatement of financial statements during periods of high inflation (cont’d)

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

Comparative Information and Restatement of Prior Periods’ Consolidated Financial Statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed. In the current period, the Group has not made any changes in its prior period financial statements.

Going Concern

The Group has prepared its consolidated financial statements on the going concern basis. As of 31 December 2025 and 31 December 2024, the Group’s current liabilities exceeded its current assets by TL 1,976,092,428 and TL 762,342,278, respectively. However, as of 31 December 2025, TL 518,212,531 of the total current liabilities of TL 3,509,254,821 relates to balances with related parties. The Group’s management expects improvements in the hybrid solar power plants (GES) and wells at RSC, leading to capacity increases; accordingly, an increase in EBITDA, revenue, and profitability is anticipated. In addition, credit facilities will be managed and actions planned within the framework of prevailing economic conditions and available credit limits. In this context, management assesses that there is no going concern risk related to net working capital.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and 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 or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

2.1 Basis of Presentation (cont’d)

Restatement of financial statements during periods of high inflation (cont’d)

Basis of Consolidation (cont’d)

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 or not the Company’s voting rights in an investee are sufficient to give it power, including:

- 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 Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

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

2.1 Basis of Presentation (cont’d)

Restatement of financial statements during periods of high inflation (cont’d)

Basis of Consolidation (cont’d)

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 Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions Eliminated in Consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparation of the consolidated financial statements.

2.2 Changes in the Accounting Policies

The accounting policy changes arising from the first-time application of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions, if any. The changes that take place of any transitional provision, significant changes made optional in accounting policies or determined accounting errors are applied retrospectively by restating prior period financial statements. If changes in accounting estimates are related to only one period, they are applied both in the current period when the amendment is made and for the future periods, both in the current period and in the future.

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

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2025

Amendments to TFRS 21 *Lack of Convertibility*

Amendments to TFRS 21 *Lack of Convertibility*

These amendments provide guidance on when a currency is considered convertible and how the exchange rate should be determined when it is not. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

The standard, amendments, and improvements do not have a significant impact on the Group’s consolidated financial position or performance.

b) New and amended 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 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
TFRS 18	<i>Presentation and Disclosures in Financial Statements</i>
TFRS 19	<i>Non-Publicly Accountable Subsidiaries: Disclosures</i>
Amendments to TFRS 9 and TFRS 7	<i>Classification and Measurement of Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Contracts Based on Nature-Linked Electricity</i>
Annual Improvements	<i>Annual Improvements to IFRSs – Volume 11</i>
Amendments to TFRS 19	<i>Non-Publicly Accountable Subsidiaries: Disclosures</i>

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

2.3 New and Amended Turkish Financial Reporting Standards (cont’d)

TFRS 17 – Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more consistent measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred by one year for insurance, reinsurance, and pension companies and will replace TFRS 4 Insurance Contracts as of January 1, 2027.

TFRS 17 (Amendments) – Insurance Contracts and First-Time Application of TFRS 17 and TFRS 9: Comparative Information

Amendments to TFRS 17 have been made to reduce implementation costs and to facilitate the disclosure of results and the transition.

Additionally, the amendment regarding comparative information allows companies applying TFRS 7 and TFRS 9 for the first time simultaneously to present comparative information for their financial assets as if the classification and measurement requirements of TFRS 9 had previously been applied to those financial assets. The amendments will be applied upon the first-time application of TFRS 17.

TFRS 18 – Presentation and Disclosures in Financial Statements

It sets out the requirements for the presentation and disclosure of information in the financial statements for all entities applying IFRS. This standard is effective for annual reporting periods beginning on or after January 1, 2027.

TFRS 9 and TFRS 7 (Amendments) – Classification and Measurement of Financial Instruments

The amendments address issues identified during the post-implementation review of the classification and measurement requirements of TFRS 9 Financial Instruments. These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

TFRS 9 and TFRS 7 (Amendments) – Contracts Based on Nature-Linked Electricity

The amendments aim to allow entities to include information about contracts based on nature-linked electricity in their financial statements, as these contracts are considered to provide a more faithful representation. These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

TFRS 19 – Non-Publicly Accountable Subsidiaries: Disclosures

TFRS 19 specifies the disclosure requirements that a subsidiary meeting the appropriate criteria is permitted to apply instead of the disclosure requirements in other Turkish Financial Reporting Standards. This standard is effective for annual reporting periods beginning on or after January 1, 2027.

Annual Improvements to IFRSs – Volume 11

The announcement includes the following amendments:

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

2.3 New and Amended Turkish Financial Reporting Standards (cont’d)

Annual Improvements to IFRSs – Volume 11 (cont’d)

- TFRS 1: Hedge accounting for first-time adopters
- TFRS 7: Gains or losses arising from derecognition in the financial statements
- TFRS 7: Disclosure of the deferred difference between the transaction price and fair value
- TFRS 7: Presentation of origin and credit risk disclosures
- TFRS 9: Derecognition of lease liability by the lessee
- TFRS 9: Transaction price
- TFRS 10: Determination of ‘de facto agent’
- TMS 7: Cost method

These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

TFRS 19 (Amendments) – Non-Publicly Accountable Subsidiaries: Disclosures

The amendments cover new or revised Turkish Financial Reporting Standards that were not considered when TFRS 19 was first issued. These amendments are effective for annual reporting periods beginning on or after January 1, 2027.

The potential effects of the standard, amendments, and improvements on the Group’s financial position and performance are being assessed.

2.4 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

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

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

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One-entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member.
- (iii) Both entities is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Related Parties (cont’d)

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Revenue

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognizes the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Returns, discounts and provisions are reduced from the related amount.

Group recognizes revenue based on the following five principles:

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

Group recognizes revenue from its customer when all of the following criteria are met:

- (a) The parties have approved the contract (written or orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
- (b) Group can identify the right of parties related to goods and services,
- (c) Group can identify the payment terms of goods and services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer. In evaluating whether collectability of a consideration is probable, the entity shall consider only the customer’s ability and intention to pay the consideration when it is due.

Income from electricity sales

Revenue is recognized on the billed amount, on accrual basis, upon the delivery of electricity.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Inventories

Inventories are valued at the lower of cost or net realizable value and the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment

Revaluation Method

Land and plant, machinery and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalized in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued plant, machinery and equipment is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. There is no transfer from the revaluation fund to retained earnings unless the asset is derecognized.

Freehold land is not depreciated. Plant, machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Property, Plant and Equipment (cont’d)

Revaluation Method (cont’d)

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as non-current assets are amortized over their estimated useful lives.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Intangible Assets (cont’d)

Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Instruments

Financial assets and financial liabilities are recognized in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the consolidated financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

Classification of financial assets (cont’d)

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the consolidated financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

Interest income is recognized in profit or loss and is shown under the item “finance income - interest income” (Note: 21).

(ii) Financial assets at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs.

(iii) Equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

(iii) Equity instruments at FVTOCI (cont’d)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with TFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘income from investing activities’ line item in profit or loss (Note 20).

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of TFRS 9.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on borrowing instruments, lease receivables, trade receivables, assets arising from contracts with customers and expected credit losses from investments to financial guaranty contract that are measured at amortized cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and *lease receivables* that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Derivative financial instruments

In order to keep the risks associated with foreign exchange and interest rates under control, the Group uses various derivative financial instruments, including foreign exchange forward contracts, options and interest rate swap contracts. Further details of derivative financial instruments are disclosed in Note 25.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group makes the following evaluations regarding the effectiveness of the relevant instrument:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again. The Group designates the full change in the fair value of a forward contract (i.e., including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Hedge accounting (cont’d)

Note 14 sets out details of the fair values of the derivative instruments used for hedging purposes.

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit/loss as a bargain purchase gain.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Business Combinations (cont’d)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is measured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Goodwill (cont’d)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under Investments in associates heading.

Effects of Changes in Exchange Rate

Foreign Currency Transactions and Balances

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 TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The statement of profit or loss of Group entities whose functional currency is other than TL has been translated into TL using the average exchange rates for the relevant year. The assets and liabilities of these Group entities have been translated into TL using the exchange rates prevailing at the reporting date. Exchange differences arising from the translation of the opening net assets of these Group entities into TL, together with the differences arising between the average exchange rates and the closing exchange rates, have been included in equity under the foreign currency translation differences reserve.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Effects of Changes in Exchange Rate (cont’d)

Foreign Currency Transactions and Balances (cont’d)

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Earnings Per Share

Earnings per share stated in the consolidated statement of profit or loss are calculated by dividing net profit by the weighted average number of shares outstanding during the year. Companies in Türkiye can increase their capital through “bonus shares” that they distribute to their shareholders from retained earnings. Such "bonus shares" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

Events After the Reporting Period

Events after the reporting period include all events that take place between the reporting date and the date of authorization for the release of the statement of financial position, although the events occurred after the announcements related to the profit or even after the public disclosure of other selected financial information.

In the case that events requiring an adjustment occur, the Group adjusts the amounts recognized in its financial statements to reflect the adjustments after the reporting date.

Provisions, Contingent Asset and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are initially recognized at cost plus transaction costs. After initial recognition, investment properties are measured at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are recognized in the statement of profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under “Property, Plant and Equipment” up to the date of change in use.

Taxation

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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.4 Summary of Significant Accounting Policies (cont’d)

Taxation (cont’d)

Deferred tax (cont’d)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Tax is included in the statement of profit or loss, unless it is related to a transaction recognized directly in equity. Otherwise, the tax is recognized in equity together with the related transaction.

Employee Benefits

Termination benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 *Employee Benefits* (“IAS 19”).

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Statement of Cash Flows

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities.

Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which the dividend is decided.

2.5 Significant Accounting Judgments, Estimates, and Assumptions

Critical Judgments Made by the Group in Applying Accounting Policies

Deferred Tax

The Group recognizes deferred tax assets and liabilities arising from temporary differences between its legal financial statements, prepared for tax purposes, and its financial statements prepared in accordance with TFRS. The Group has deferred tax assets arising from unused tax losses and other deductible temporary differences that can be offset against future taxable profits of its subsidiaries. The recoverable amount of the deferred tax assets has been estimated based on the current circumstances. In making this assessment, the Group has considered future profit projections, current period losses, the expiration dates of unused losses and other tax assets, and, where applicable, available tax planning strategies. Accordingly, deferred tax assets under cash flow hedge accounting have not been recognized in the financial statements for 2025.

Fair Values of Derivative Financial Instruments

The Group measures its derivative financial instruments at fair value as of the balance sheet date, based on exchange rate and interest rate forecasts as of the recognition date.

Fair value measurement of property, plant, and equipment

As of December 31, 2018, the Group has adopted the revaluation model instead of the historical cost model as the accounting policy for its power plants' facilities, machinery, and equipment, in accordance with the measurement methods specified under IAS 16. The significant valuation techniques, estimates, and assumptions considered in the independent valuations of the remeasured amounts have been consistently applied in the fair value determination studies conducted as of December 31, 2025, and December 31, 2024.

Given the sensitivity of long-term price expectations, electricity generation projections, and discount rates (such as the "Weighted Average Cost of Capital" ("WACC")) to sectoral and economic variables, as well as the complexity of inputs and calculations, an independent valuation firm has been appointed to conduct the revaluation.

As of December 31, 2025, and December 31, 2024, the fair value determined by an independent valuation firm licensed by the Capital Markets Board (CMB) has been used for the facilities, machinery, and equipment. The "discounted cash flow method" has been applied in these valuation and impairment assessments. The Group's fair value measurements are classified as Level 3 within the fair value hierarchy.

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

2.5 Significant Accounting Judgments, Estimates, and Assumptions (cont’d)

Fair value measurement of property, plant, and equipment (cont’d)

In calculating the net present value of future cash flows, estimates of long-term growth rates and the weighted average cost of equity have been taken into account. To determine the recoverable amount of the units, the post-tax discount rates applied, based on the weighted average cost of capital, were 7.5% for solar power plants (GES) and 8.5% for geothermal power plants (JES) in USD. Sensitivity analyses are disclosed assuming a potential 10% decrease in the estimated long-term growth rates and a 10% lower WACC for the companies.

As of 31 December 2025 Value of Machinery and Equipment	13,215,511,345
Total Value at Reduction Rate with -10% Default Rate of Change	12,193,560,991 (7.73%)
Total Value at Reduction Rate +10% Default Rate of Change	14,404,305,018 9.75%

For major overhauls of the power plants, useful lives different from the plants’ own useful lives have been determined. Accordingly, maintenance expenditures are capitalized as separate components of the plants. Depreciation methods and useful lives are reviewed at each reporting date and adjusted when necessary. The Group has set the useful life of solar power plants at 50 years and that of geothermal power plants at 30 years.

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3. BUSINESS COMBINATIONS

A share purchase agreement was executed between the Group and RSC Elektrik Üretim İnşaat Turizm A.Ş., which owns the RSC-1 Seferihisar GPP electricity generation plant with an installed capacity of 12 MWm, and the transaction was completed on 28 March 2025. As of the agreement date, 100% of the shares were acquired.

The purchase consideration amounted to TL 488,976,877.00 and after deducting all bank and trade liabilities of the acquired company, the remaining amount was paid as the share consideration and the transaction was completed.

As a result of the acquisition, the carrying amounts of the acquired assets and liabilities and their provisional fair values in accordance with TFRS 3 “Business Combinations” are summarized below:

	28 March 2025 (*)
Cash and cash equivalents	18,363,915
Trade receivables	851,601
Property, plant and equipment (Note:11) (**)	1,890,729,380
Intangible assets	10,283
Right-of-use assets	82,605,360
Other non-current assets	102,917,101
Trade payables	(6,346,094)
Lease liabilities	(90,790,156)
Short-term and long-term borrowings	(263,949,321)
Other payables	(5,663,726)
Deferred tax assets/(liabilities), net	(350,241,655)
Total identifiable net assets value (100%) (*)	1,378,486,688
Total purchase consideration (*) (**)	488,976,877
Negative goodwill (Note:22)	889,509,811

(*) The purchase consideration dated 28 March 2025 and the fair values of the acquired assets and liabilities are expressed in terms of the purchasing power of 31 December 2025.

(**) The Group acquired 100% of the shares of RSC Elektrik Üretim İnşaat Turizm A.Ş. on 28 March 2025, as announced in the Trade Registry Gazette dated 14 April 2025 and numbered 11311. The related purchase consideration, after net debt adjustments, amounted to TL 488,976,877. Of the purchase consideration, TL 154,602,715 was offset against amounts payable to shareholders, while TL 334,374,162 was paid in cash. The total cash outflow, including cash and cash equivalents obtained, amounts to TL 316,010,247.

(***) Property, plant and equipment are presented at their fair values determined in accordance with TFRS 3.

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4. SEGMENT REPORTING

The Group has adopted TFRS 8 since its inception and has determined its operating segments based on internal reports regularly reviewed by the authority responsible for making decisions about the Group's activities.

Province	31 December 2025		31 December 2024	
	Production amount (KWh)	Sales amount / TL	Production amount (KWh)	Sales amount / TL
Ankara	38,805,395	233,982,163 #	36,281,890	230,397,572
Konya	32,497,761	195,938,940 #	29,988,989	190,443,868
Muğla	31,244,528	194,699,874 #	30,783,474	210,593,378
Afyon	24,950,765	150,623,371 #	24,286,841	154,262,367
İzmir (JES)	28,541,614	167,268,398 #	-	-
Adana	17,540,345	105,540,135 #	16,270,291	103,331,566
Nevşehir	16,120,731	97,317,213 #	16,090,482	102,371,300
Yozgat	9,694,940	58,526,836 #	9,489,427	60,254,515
Antalya	5,747,259	34,534,940 #	5,987,438	38,041,249
Eskişehir	5,053,152	25,730,896 #	5,123,096	32,484,115
Bilecik	3,126,059	18,857,882 #	3,103,780	19,697,174
Total	213,322,549	1,283,020,648	177,405,708	1,141,877,104

	Electricity Production	Construction Contracting Maintenance and Repair	31 December 2025
	Domestic sales	1,283,020,648	92,465,464
Cost of sales (-)	(944,934,857)	(59,182,542)	(1,004,117,399)
Gross Profit (Loss)	338,085,791	33,282,922	371,368,713

	Electricity Production	Construction Contracting Maintenance and Repair	31 December 2024
	Domestic sales	1,141,877,104	343,288,441
Cost of sales (-)	(687,447,487)	(314,544,174)	(1,001,991,661)
Gross Profit (Loss)	454,429,617	28,744,267	483,173,884

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5. RELATED PARTY DISCLOSURES

As of December 31, 2025, and December 31, 2024, the details of trade receivables from related parties are as follows:

Short-term trade receivables from related parties	31 December 2025	31 December 2024
Naturel Yenilenebilir Enerji Ticaret A.Ş.	-	346,395,689
Esenboğa Elektrik Üretim A.Ş.	-	23,322,143
	<u>-</u>	<u>369,717,832</u>

Trade receivables from related parties consist of transactions within the scope of energy construction contracting works.

As of December 31, 2025 and December 31, 2024, the details of other receivables from related parties are as follows:

Short-term other receivables from related parties	31 December 2025	31 December 2024
Naturel Yenilenebilir Enerji Ticaret A.Ş.	239,077,133	-
Naturel Holding A.Ş.	194,379	321,063,369
Hermes Uluslararası Ticaret ve Lojistik A.Ş.	-	32,611
	<u>239,271,512</u>	<u>321,095,980</u>

The details of other payables to related parties as of 31 December 2025 and 31 December 2024 are as follows:

Short-term other payables to related parties	31 December 2025	31 December 2024
Esenboğa Elektrik Üretim A.Ş.	518,212,531	-
Hermes Uluslararası Ticaret Ve Lojistik A.Ş.	-	566,454
	<u>518,212,531</u>	<u>566,454</u>

Purchases	1 Ocak- 31 Aralık 2025	1 Ocak- 31 Aralık 2024
Naturel Yenilenebilir Enerji Ticaret A.Ş.	81,255,645	193,061,288
Hermes Uluslararası Ticaret ve Lojistik A.Ş.	27,400,889	-
Esenboğa Elektrik Üretim A.Ş.	17,294,175	14,549,824
Naturel Holding A.Ş.	5,794,783	-
	<u>131,745,492</u>	<u>207,611,112</u>

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5. RELATED PARTY DISCLOSURES (cont’d)

Sales	1 January- 31 December 2025	1 January- 31 December 2024
Naturel Yenilenebilir Enerji Ticaret A.Ş.	90,678,575	358,457,814
Esenboğa Elektrik Üretim A.Ş.	137,201	24,228,709
	<u>90,815,776</u>	<u>382,686,523</u>
Interest income	1 January- 31 December 2025	1 January- 31 December 2024
Naturel Holding A.Ş.	25,499,169	5,875,022
Esenboğa Elektrik Üretim A.Ş.	12,176,478	25,000,371
Naturel Yenilenebilir Enerji Ticaret A.Ş.	782,191	938,953
Hermes Uluslararası Ticaret ve Lojistik A.Ş.	555	98,302
	<u>38,458,393</u>	<u>31,912,648</u>

As of 31 December 2025, the interest rates applied to related party receivables/payables of Margün Enerji Üretim Sanayi ve Ticaret A.Ş. range between 54–58.68% for TL receivables/payables (31 December 2024: 46–66%), 9.5% for USD receivables/payables (31 December 2024: 10.5%), and 10–11% for EUR receivables/payables (31 December 2024: 6.50–8.15%).

Interest expense	1 January- 31 December 2025	1 January- 31 December 2024
Naturel Holding A.Ş.	45,065,011	9,838,449
Esenboğa Elektrik Üretim A.Ş.	31,002,362	395,797
Naturel Yenilenebilir Enerji Ticaret A.Ş.	851,539	151,569
Hermes Uluslararası Ticaret ve Lojistik A.Ş.	917,302	12,811
	<u>77,836,214</u>	<u>10,398,626</u>

Key Management Compensation

As of December 31, 2025, the total compensation provided to the Group’s key management personnel amounts to TL 3,966,494 (December 31, 2024: TL 3,300,682).

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6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As of December 31, 2025 and 31 December 2024, the details of the Group's trade receivables are as follows:

	31 December 2025	31 December 2024
<u>Short-term trade receivables</u>		
Income accruals (*)	596.321.533	741.995.929
Trade receivables	64.257.300	430.761.025
<i>Trade receivables from related parties (Note 5)</i>	-	369.717.832
<i>Trade receivables from third parties</i>	64.257.300	61.043.193
	<u>660.578.833</u>	<u>1.172.756.954</u>

(*) The Group's energy revenues at the end of the period consist of income accruals and the Group's construction contract assets in progress.

As of December 31, 2025, the Group has no uncollectible receivables (31 December 2024: None).

b) Trade Payables:

As of December 31, 2025 and 31 December 2024, the details of the Group's trade payables are as follows:

	31 December 2025	31 December 2024
<u>Short-term trade payables</u>		
Expense accruals (*)	388,687,147	505,939,310
Trade payables	109,393,510	45,142,233
Notes payable	-	4,210,220
	<u>498,080,657</u>	<u>555,291,763</u>

(*) It consists of the Group's construction in progress contract liabilities.

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7. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	31 December 2025	31 December 2024
Short-Term Other Receivables		
Other receivables from related parties (Note 5)	239,271,512	321,095,980
Receivables from the tax office	355,108	238,177
Deposits and guarantees given	232,815	14,248
Other miscellaneous receivables (*)	70,828	418,741
	239,930,263	321,767,146

(*) Comprises advances paid for office maintenance expenses.

	31 December 2025	31 December 2024
Long-Term Other Receivables		
Deposits and guarantees given	11,985,336	9,556,445
	11,985,336	9,556,445

b) Other Payables

	31 December 2025	31 December 2024
Short-Term Other Payables		
Short-term trade payables to related parties (Note5)	518,212,531	566,454
Other miscellaneous receivables (*)	27,258,911	6,226,769
	545,471,442	6,793,223

(*) It consists of consulting services and insurance expenses.

8. INVENTORIES

	31 December 2025	31 December 2024
Trade goods (*)	42,571,518	66,860,936
Raw materials and supplies	3,834,621	-
Other inventories	1,288,736	1,110,598
	47,694,875	67,971,534

(*) It consists of materials such as solar panels and connectors purchased for EPC Projects.

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9. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2025	31 December 2024
Short-Term Prepaid Expenses		
Order advances given	64,950,257	56,000,944
Prepaid expenses	24,192,382	8,433,648
Business advances	9,336,661	33,551,366
	<u>98,479,300</u>	<u>97,985,958</u>
Short-Term Deferred Income		
Order advances received	39,837,369	49,000,571
	<u>39,837,369</u>	<u>49,000,571</u>

10. INVESTMENT PROPERTIES

Cost Value	Land	Buildings	Total
Opening balance as of 1 January 2025	1,521,340,589	1,030,257,568	2,551,598,157
Disposals	(47,679,237)	-	(47,679,237)
Value increase and impairment (-)	(654,406,352)	(61,244,850)	(715,651,202)
Closing balance as of 31 December 2025	<u>819,255,000</u>	<u>969,012,718</u>	<u>1,788,267,718</u>
Cost Value	Land	Buildings	Total
Opening balance as of 1 January 2024	46,883,285	998,176,277	1,045,059,562
Transfers	1,413,953,863	-	1,413,953,863
Value increase and impairment (-)	60,503,441	32,081,291	92,584,732
Closing balance as of 31 December 2024	<u>1,521,340,589</u>	<u>1,030,257,568</u>	<u>2,551,598,157</u>

There are no mortgages on the investment properties owned by the Group.

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10. INVESTMENT PROPERTIES (cont'd)

Fair value measurements of the Group's investment properties

As of 31 December 2025 and 31 December 2024, the fair values of the Group's investment properties have been determined by Smart Kurumsal Değerleme ve Danışmanlık A.Ş., a valuation company independent from the Group and authorized by the CMB. The fair value of land and buildings owned is determined using the market comparative approach, which reflects current transaction prices for similar properties. The level of the Group's fair value measurements for land, plots, and buildings within the hierarchy is Level 2, which includes inputs other than quoted market prices that are observable for the assets or liabilities.

The net carrying amounts of the investment properties owned by the Group, as measured under the historical cost basis, are presented below:

	31 December 2025	31 December 2024
Investment Properties and Land and Land Improvements Cost	958,228,904	1,315,697,884
Accumulated Depreciation of Investment Properties and Land and Land Improvements	(31,559,603)	(28,566,450)
Net book value	926,669,301	1,287,131,434

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Construction in progress	Total
<u>Cost</u>							
Opening balance as of 1 January 2025	782,092,133	199,892	12,640,284,081	64,988,043	30,767,389	57,867,472	13,576,199,010
Additions	-	1,087,031	5,136,707	-	8,430,581	16,950,489	31,604,808
Impact of subsidiary acquisition	-	-	1,890,180,465	1,238	547,677	-	1,890,729,380
Transfers	-	-	(372,844,294)	(4,643,472)	-	-	(377,487,766)
Increase in value / Impairment	61,965,531	-	(940,421,623)	3,718,794	-	-	(874,737,298)
Disposals	-	-	(6,823,991)	(30,864,926)	-	(6,140,238)	(43,829,155)
Closing balance as of 31 December 2025	<u>844,057,664</u>	<u>1,286,923</u>	<u>13,215,511,345</u>	<u>33,199,677</u>	<u>39,745,647</u>	<u>68,677,723</u>	<u>14,202,478,979</u>
<u>Accumulated Depreciation</u>							
Opening balance as of 1 January 2025	-	199,892	-	-	10,361,444	-	10,561,336
Charge for the period	-	-	374,145,979	11,775,201	5,057,447	-	390,978,627
Transfers	-	-	(372,844,294)	(4,643,472)	-	-	(377,487,766)
Disposals	-	-	(1,301,685)	(7,131,729)	-	-	(8,433,414)
Closing balance as of 31 December 2025	<u>-</u>	<u>199,892</u>	<u>-</u>	<u>-</u>	<u>15,418,891</u>	<u>-</u>	<u>15,618,783</u>
Carrying value as of 31 December 2025	<u>844,057,664</u>	<u>1,087,031</u>	<u>13,215,511,345</u>	<u>33,199,677</u>	<u>24,326,756</u>	<u>68,677,723</u>	<u>14,186,860,196</u>

One of the most important reasons for the impairment is the negative gap between the USD/TL exchange rate and the CPI, which became significant with inflation accounting, a practice specific to the relevant period. While the USD/TL parity, which is the basis for the Turkish Lira equivalent of power plant assets valued in US Dollars, increased by 22% compared to the previous year, the CPI used to update the previous year's valuation in inflation accounting was 31%.

The Group's land and plots are classified as Level 2 in the fair value measurement hierarchy, as they incorporate inputs other than quoted market prices that are observable for the assets or liabilities. For the valuation and impairment assessment of facilities, machinery, and equipment, the discounted cash flow method has been applied. In the fair value measurement hierarchy, the Group's facilities, machinery, and equipment are classified as Level 3.

As of December 31, 2025, there are pledges on property, plant and equipment amounting to TL 15,881,188,119 and mortgages amounting to TL 14,636,999,790.

The depreciation expenses of tangible fixed assets have been recorded in the cost of sales and administrative expenses.

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11. PROPERTY, PLANT AND EQUIPMENT (cont’d)

	Land	Land Improvements	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Construction in progress	Total
<u>Cost</u>							
Opening balance as of 1 January 2024	2,477,111,275	199,892	15,406,626,173	82,537,336	23,274,547	12,139,677	18,001,888,900
Additions	-	-	11,482,642	6,750,593	7,492,842	55,406,521	81,132,598
Transfers	(1,413,953,863)	-	(372,734,999)	(15,042,080)	-	-	(1,801,730,942)
Disposals	-	-	-	(4,101,375)	-	(9,678,726)	(13,780,101)
Increase in value / Impairment	(281,065,279)	-	(2,405,089,735)	(5,156,431)	-	-	(2,691,311,445)
Closing balance as of 31 December 2024	782,092,133	199,892	12,640,284,081	64,988,043	30,767,389	57,867,472	13,576,199,010
<u>Accumulated Depreciation</u>							
Opening balance as of 1 January 2024	-	198,816	-	-	8,093,111	-	8,291,927
Charge for the period	-	1,076	372,734,999	16,344,513	2,268,333	-	391,348,921
Transfers	-	-	(372,734,999)	(15,042,080)	-	-	(387,777,079)
Disposals	-	-	-	(1,302,433)	-	-	(1,302,433)
Closing balance as of 31 December 2024	-	199,892	-	-	10,361,444	-	10,561,336
Carrying value as of 31 December 2024	782,092,133	-	12,640,284,081	64,988,043	20,405,945	57,867,472	13,565,637,674

As of December 31, 2024, there are pledges on property, plant and equipment amounting to TL 10,587,289,328 and mortgages amounting to TL 13,286,323,331.

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11. PROPERTY, PLANT AND EQUIPMENT (cont’d)

The net book values of the facilities, machinery, and equipment owned by the Group measured on a historical cost basis are presented below:

	31 December 2025	31 December 2024
Property, Plant, and Equipment Cost	10,617,602,427	10,440,511,035
Accumulated Depreciation of Property, Plant, and Equipment	(7,930,367,017)	(6,129,200,265)
Net book value	2,687,235,410	4,311,310,770

Depreciation periods for property, plant and equipment are as follows:

	Useful life
Property, plant and equipment	45-50 years
Vehicles	5 years
Furniture and fittings	3-15 years
Leasehold improvements	5 years

12. INTANGIBLE ASSETS

	Rights	Other Intangible Assets	Total
Cost Value			
Opening balance as of 1 January 2025	22,172	2,900,865	2,923,037
Additions	64,774,377	428,311	65,202,688
Impact of subsidiary acquisition	6,790	1,068,713	1,075,503
Closing balance as of 31 December 2025	64,803,339	4,397,889	69,201,228
Accumulated Amortisation			
Opening balance as of 1 January 2025	6,051	1,887,760	1,893,811
Charge for the period	93,494	236,576	330,070
Impact of subsidiary acquisition	6,790	1,068,713	1,075,503
Closing balance as of 31 December 2025	106,335	3,193,049	3,299,384
Carrying value as of 31 December 2025	64,697,004	1,204,840	65,901,844

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12. INTANGIBLE ASSETS (cont'd)

Cost Value	Rights	Other Intangible Assets	Total
Opening balance as of 1 January 2024	22,172	1,757,245	1,779,417
Additions	-	1,309,949	1,309,949
Disposals	-	(166,329)	(166,329)
Closing balance as of 31 December 2024	22,172	2,900,865	2,923,037
Accumulated Amortisation			
Opening balance as of 1 January 2024	6,051	1,482,481	1,488,532
Charge for the period	-	444,285	444,285
Disposals	-	(39,006)	(39,006)
Closing balance as of 31 December 2024	6,051	1,887,760	1,893,811
Carrying value as of 31 December 2024	16,121	1,013,105	1,029,226

The amortization periods used for intangible assets are as follows:

	Useful Life
Rights	3 years
Other intangible assets	3-15 years

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13. COMMITMENTS

Collaterals-Pledge-Mortgage (“CPM”)

The Company’s collaterals/pledge/mortgage position as of December 31, 2025 and 2024 is as follows:

31 December 2025		TL equivalent	TL	USD	EUR
A. Total Amount of CPM Given for Its Own					
Legal Entity					
	-Collateral	63,132,838	4,220,000	1,375,000	-
	-Pledge	4,070,341,500	-	95,000,000	-
	-Mortgage	6,617,881,500	1,281,415,000	60,000,000	55,000,000
B. Total Amount of CPM Given on Behalf of the Fully Consolidated Entities					
	-Collateral	114,349,627	71,503,927	1,000,000	-
	-Pledge	11,810,846,619	7,975,000,000	-	76,280,759
	-Mortgage	7,572,706,290	600,000,000	30,000,000	113,100,000
C. Total Amount of CPM Given on Behalf of Third Parties Debts for Continuation of Their Economic Activities					
D. Total Other CPM Given					
i. Total CPM Given on Behalf of the Parent Company					
ii. Total CPM Given on Behalf of Other Group Companies which are not included in the Scope of Items B and C					
iii. Total CPM Given on Behalf of Third Parties which are not included in the Scope of Items C					
Total		30,249,258,373	9,932,138,927	187,375,000	244,380,759

The ratio of other CPMs given by the Group to the equity of the Group is 0% as of December 31, 2025.

As of December 31, 2025, there are sureties given on behalf of Group companies amounting to TL 34,905,000,000, USD 24,500,000, EUR 313,000,000 and sureties given on their own behalf amounting to TL 5,201,600,000, USD 102,340,000 and EUR 3,274,000.

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13. COMMITMENTS (cont’d)

Collaterals-Pledge-Mortgage (“CPM”) (cont’d)

31 December 2024		TL equivalent	TL	USD	EUR
A. Total Amount of CPM Given for Its Own					
Legal Entity					
	-Collateral	80,526,939	80,526,939	-	-
	-Pledge	4,387,024,584	-	124,347,712	-
	-Mortgage	2,877,318,356	106,565,989	78,535,397	-
B. Total Amount of CPM Given on Behalf of the Fully Consolidated Entities					
	-Collateral	39,067,670	39,067,670	-	-
	-Pledge	6,200,264,744	2,585,123,484	-	98,408,144
	-Mortgage	10,409,004,975	641,372,409	117,803,095	152,751,347
C. Total Amount of CPM Given on Behalf of Third Parties Debts for Continuation of Their Economic Activities					
		-	-	-	-
D. Total Other CPM Given					
		-	-	-	-
i. Total CPM Given on Behalf of the Parent Company					
		-	-	-	-
ii. Total CPM Given on Behalf of Other Group Companies which are not included in the Scope of Items B and C					
		-	-	-	-
iii. Total CPM Given on Behalf of Third Parties which are not included in the Scope of Items C					
		-	-	-	-
Total		23,993,207,268	3,452,656,491	320,686,204	251,159,491

The ratio of other CPMs given by the Group to the equity of the Group is 0 % as of 31 December 2024.

As of December 31, 2024, there are sureties given on behalf of Group companies amounting to TL 20,855,000,000, USD 24,500,000, EUR 913,000,000 and sureties given on their own behalf amounting to TL 5,001,600,000, USD 102,340,000 and EUR 103,274,000.

Received Collaterals

Currency	31 December 2025		31 December 2024		
	Original amount	TRY equivalent	Original amount	TRY equivalent	
Guarantee Letters	TRY	20,000,000	20,000,000	-	-
	USD	2,100,000	89,975,970	-	-
			109,975,970		-

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14. CASH FLOW HEDGE ACCOUNTING FOR HIGH-PROBABILITY FORECAST TRANSACTION CURRENCY RISK

The Group hedges the foreign currency risk on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts that are highly probable to be realized in the future, considering the agreements made and the corporate budget.

Repayments of foreign currency borrowings, that are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item.

Within the scope of the currency risk management strategy it has determined, the Group applies hedge accounting for the purpose of hedging the currency risk component of the highly probable estimated transaction cash flow risk, and the foreign exchange rate that has occurred on the hedging instrument, whose effectiveness has been mathematically proven in accordance with TFRS 9 and has not yet been realized. It pulls the fluctuations from the income statement and parks it in the comprehensive income statement and aims to present a healthier income statement.

As of December 31, 2025, the hedging ratio is 91% and hedge effectiveness is 93%.

USD	31 December 2025
Present value of the hedged item (current portion)	6,993,164
Present value of the hedged item (non-current portion)	10,202,456
Present value of the hedging instrument (current portion)	7,538,197
Present value of the hedging instrument (non-current portion)	7,651,342
EUR	31 December 2025
Present value of the hedged item (current portion)	5,005,149
Present value of the hedged item (non-current portion)	14,241,618
Present value of the hedging instrument (current portion)	5,849,500
Present value of the hedging instrument (non-current portion)	12,443,053
TRY	31 December 2025
Present value of the hedged item (current portion)	120,724,352
Present value of the hedged item (non-current portion)	270,155,313
Present value of the hedging instrument (current portion)	(136,288,450)
Present value of the hedging instrument (non-current portion)	(226,485,092)
Hedging effectiveness rate	%93
Inactive portion left in the income statement	28,106,123

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15. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2025	31 December 2024
Social security premiums payable	6,665,282	4,647,705
Payables for employees	3,351,674	3,365,468
	<u>10,016,956</u>	<u>8,013,173</u>

Short-term provisions for employee benefits

	31 December 2025	31 December 2024
Provision for unused vacation	3,732,374	3,299,110
	<u>3,732,374</u>	<u>3,299,110</u>

Long-term provisions for employee benefits

Provision for employment termination benefits:

	31 December 2025	31 December 2024
Provision for employment termination benefits	3,286,836	2,021,828
	<u>3,286,836</u>	<u>2,021,828</u>

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15. EMPLOYEE BENEFITS (cont’d)

Long-term provisions for employee benefits (cont’d)

Provision for employment termination benefits: (cont’d)

According to the articles of Turkish Labor Law in force, the Group have obligation to pay the legal employee termination benefits to each employee whose are 25 years of working life (58 for women and 60 for men) by completing at least one year of service, leaving for military services and deceased.

As of December 31, 2025, the amount payable consists of one month’s salary limited to a maximum of TL 53,919.68 (31 December 2024: TL 41,828.42).

Retirement pay liability is not subject to any kind of funding legally. The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 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.

The principal assumption is that the maximum liability amount for each year of service will increase in line with inflation. Accordingly, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, as of 31 December 2025, the provisions presented in the accompanying financial statements have been calculated by estimating the present value of the probable future obligation arising from employees’ retirement. The provisions as of the respective balance sheet dates have been calculated using a real discount rate of approximately 4.85%, derived based on the assumptions of an annual inflation rate of 24.02% and a discount rate of 30.04% (31 December 2024: 4.41%). In the calculation of the Group’s provision for employment termination benefits, the nominal ceiling amount of TL 64,948.77, effective as of 1 January 2026, has been taken into account (1 January 2025: nominal TL 46,655.43)

	1 January- 31 December 2025	1 January- 31 December 2024
Provision as of 1 January	2,021,828	3,182,761
Service cost	1,325,724	752,327
Interest cost	434,046	619,115
Employment termination benefits paid	(3,006,151)	(2,400,234)
Actuarial loss / gain	2,988,567	846,168
Inflation Effect	(477,178)	(978,309)
Provision as of 31 December	<u>3,286,836</u>	<u>2,021,828</u>

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16. OTHER ASSETS AND LIABILITIES

	31 December 2025	31 December 2024
<u>Other Current Assets</u>		
Deferred VAT	18,897,907	3,870,544
İndirilen KDV	5,157,497	15,780,692
Personnel advances	77,408	581,031
	<u>24,132,812</u>	<u>20,232,267</u>
	31 December 2025	31 December 2024
<u>Other Current Liabilities</u>		
Taxes and funds payables	28,807,442	17,961,942
Other payables	79,690	-
	<u>28,887,132</u>	<u>17,961,942</u>

17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital / Treasury Shares Adjustment

The paid-in capital structure of the Company as of December 31, 2025 and 31 December 2024 is as follows:

Shareholders	%	31 December 2025	%	31 December 2024
Esenboğa Elektirk Üretim A.Ş.	75.61%	2,230,487,743	75.61%	892,195,122
Publicly traded	24.39%	719,512,257	24.39%	287,804,878
		<u>2,950,000,000</u>		<u>1,180,000,000</u>
Nominal capital				
Inflation adjustment		3,555,224,812		5,325,224,812
Restated capital		<u>6,505,224,812</u>		<u>6,505,224,812</u>
Adjusted share capital		<u>6,505,224,812</u>		<u>6,505,224,812</u>

The issued share capital of the Company amounts to TL 2,950,000,000. This capital is divided into 2,950,000,000 shares with a nominal value of TL 1.00 each. The entire capital has been fully paid and is free of any collusion. The previous capital of TL 1,180,000,000 had been fully paid. The capital increase of TL 1,770,000,000 has been subscribed by being covered from the positive differences arising from capital adjustment and has been fully paid. The bonus capital increase was registered on 3 October 2025 and announced in the Trade Registry Gazette dated 3 October 2025 and numbered 11429.

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17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

a) Share Capital / Treasury Shares Adjustment (cont’d)

In accordance with the Tax Procedure Law and the related Communiqué published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Repeated), the balance sheet prepared as of 31 December 2023 under the Tax Procedure Law has been adjusted within the scope of inflation accounting by using the Producer Price Indices (PPI) published by the Turkish Statistical Institute. The accompanying financial statements, on the other hand, have been subject to inflation adjustment in accordance with IAS 29 by using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute, and accordingly, the amounts relating to the current and prior reporting periods have been expressed in terms of the purchasing power as of 31 December 2025.

Due to the use of different indices in the inflation accounting applications under the Tax Procedure Law and IAS 29, and the restatement of the amounts relating to prior reporting periods to reflect the purchasing power as of 31 December 2025 under IAS 29, differences have arisen between the amounts presented in the balance sheet prepared in accordance with the Tax Procedure Law and those presented in the financial statements prepared in accordance with TAS/IFRS with respect to the items “Capital Adjustment Differences”, “Share Premiums” and “Restricted Reserves Appropriated from Profit”. These differences have been reflected in the line item “Retained Earnings or Losses” in the TAS/IFRS financial statements, and the details of such differences are presented below.

31 December 2025	Amounts adjusted for inflation included in the financial statements prepared in accordance with Law No. 6102 and other relevant legislation	Amounts adjusted in accordance with the requirements of IAS 29 in compliance with IFRS	Difference classified to prior years’ profit/(loss)
Capital Adjustment Differences	1,958,182,579	3,555,224,812	1,597,042,233
Share Premiums/Discounts	968,462,808	1,180,977,524	212,514,716
Restricted Reserves Appropriated from Profit	58,947,945	61,462,940	2,514,995

b) Restricted reserves appropriated from profit:

	31 December 2025	31 December 2024
Legal reserves	61,462,940	58,490,050
	<u>61,462,940</u>	<u>58,490,050</u>

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17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

c) Share premiums

	31 December 2025	31 December 2024
Share premiums	1,180,977,524	1,180,977,524
	<u>1,180,977,524</u>	<u>1,180,977,524</u>

d) Cash flow hedge gains/(losses):

	31 December 2025	31 December 2024
Cash flow hedging	(3,322,029,732)	(2,666,235,020)
	<u>(3,322,029,732)</u>	<u>(2,666,235,020)</u>

18. REVENUE AND COST OF SALES

	1 January- 31 December 2025	1 January- 31 December 2024
Domestic Sales	1,375,486,112	1,485,165,545
Revenue	<u>1,375,486,112</u>	<u>1,485,165,545</u>
Cost of services sold (-)	(1,004,117,399)	(1,001,991,661)
Cost of Sales	<u>(1,004,117,399)</u>	<u>(1,001,991,661)</u>
Gross Profit	<u>371,368,713</u>	<u>483,173,884</u>

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19. GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel wage expenses	(94,834,369)	(128,149,590)
Depreciation and amortisation expenses	(40,132,924)	(38,672,555)
Rental and office expenses	(35,083,042)	(37,879,374)
Consulting and service expenses	(27,301,813)	(60,308,384)
Trade fair expenses	(18,198,333)	(27,740,795)
Travel expenses	(17,618,229)	(46,036,470)
Taxes, duties and charges	(16,012,871)	(19,297,115)
Office and maintenance & repair expenses	(15,818,034)	(3,383,721)
Donation and aid expenses	(5,380,719)	(6,272,726)
Representation and hospitality expenses	(3,710,697)	(11,201,416)
Insurance costs	(2,860,258)	(2,074,980)
Notary and chamber of commerce expenses	(1,011,298)	(1,785,230)
Communication expenses	(596,580)	(709,468)
Advertisement and advertisement expenses	(136,128)	(2,556,126)
Other expenses	(23,932,225)	(22,872,323)
	<u>(302,627,520)</u>	<u>(408,940,273)</u>

20. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from core operations for the periods ending on December 31, 2025, and December 31, 2024, are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Other Income from Operating Activities		
Foreign exchange gains arising from operating activities	180,014,339	126,676,606
Rental income	524,349	1,077,385
Other income	15,313,445	20,165,233
	<u>195,852,133</u>	<u>147,919,224</u>

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20. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (cont’d)

The details of other expenses from operating activities for the years ended December 31, 2025 and 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Other Expenses from Operating Activities		
Foreign exchange losses from operating activities	(54,867,151)	(125,908,649)
Rent expenses	(377,580)	(219,747)
Provision for lawsuits	(506,392)	-
Other expenses	(9,386,433)	(3,447,513)
	<u>(65,137,556)</u>	<u>(129,575,909)</u>

21. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

For the years ended December 31, 2025 and 2024, income from investing activities are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Income from Investing Activities		
Gain from business combination (*)	889.509.811	-
Gains on sale of property, plant and equipment	27.260.810	-
Repo income	6.933.344	1.901.812
Increase in value of financial investments presented at fair value	-	318.790.838
Increase in revaluation of investment property	-	92.584.732
Dividend income	-	13.742.629
	<u>923.703.965</u>	<u>427.020.011</u>

(*) Following the acquisition of the shares of RSC Elektrik Üretim İnşaat Turizm A.Ş. by Margün Enerji A.Ş. on 28 March 2025, a valuation report for the acquired assets was obtained from Smart Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. Based on the asset values stated in the valuation report, the total net identifiable assets were determined to be TL 1,378,486,688. The difference between this amount and the transfer consideration of TL 488,976,877 related to the business combination, amounting to TL 889,509,811, has been recognized as negative goodwill (gain arising from a business combination) within the scope of IFRS 3 Business Combinations and was recognized as profit in the financial statements for the relevant period.

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21. INCOME AND EXPENSES FROM INVESTING ACTIVITIES (cont’d)

For the years ended December 31, 2025 and 2024, expenses from investing activities are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Expenses from Investing Activities		
Impairment of property, plant, and equipment and investment properties	(1,590,388,500)	(1,783,884,713)
Impairment of financial investments measured at fair value (Note 25)	(895,333,947)	-
	<u>(2,485,722,447)</u>	<u>(1,783,884,713)</u>

22. FINANCE INCOME AND EXPENSES

The details of income from financing activities for the periods ending on December 31, 2025, and December 31, 2024, are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Finance income		
Foreign exchange gains on bank borrowings	47,349,745	46,665,930
Interest income from related parties (Note 5)	38,458,393	31,912,648
Interest income from currency hedged and time deposits	11,672,102	41,067,026
Interest income from derivative instruments	-	5,889,481
	<u>97,480,240</u>	<u>125,535,085</u>

The details of expenses from financing activities for the periods ending on December 31, 2025, and December 31, 2024, are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Finance expenses		
Foreign exchange differences arising from bank borrowings	(611,258,169)	(352,612,057)
Interest expenses on loans	(607,830,608)	(482,568,141)
Bank commission expenses	(45,280,942)	(41,312,072)
Interest expense on maturity differences	(3,080,819)	(722,954)
Letter of guarantee commission expenses	(34,725,340)	(2,687,487)
Interest expenses from related parties (Note 5)	(77,836,214)	(10,398,626)
	<u>(1,380,012,092)</u>	<u>(890,301,337)</u>

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23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2025	31 December 2024
Current corporate tax provision	-	-
Less: Prepaid taxes and funds	(1,820,141)	(547,708)
Tax provision in the balance sheet	(1,820,141)	(547,708)
<i>Tax expense in the statement of profit or loss:</i>		
	1 January- 31 December 2025	1 January- 31 December 2024
<i>Tax expense / (income) consists of the following:</i>		
Current tax expense / (income)	-	-
Deferred tax (income)/expense	(278,933,471)	239,374,166
	<u>(278,933,471)</u>	<u>239,374,166</u>

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group results for the years and periods. 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 non-deductible income and other deductions (prior years' losses, if any, and investment incentives used, if preferred).

The effective tax rate in 2025 is 25% (2024: 25%).

The Law numbered 7061 on “Amendment of Certain Taxes and Laws and Other Acts” was published on the Official Gazette dated 5 December 2017 and numbered 30261. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

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23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

Corporate Tax (cont’d)

Deferred Tax:

The Group recognizes deferred tax assets and liabilities on the temporary timing differences between the legal books and the financial statements prepared in accordance with TFRS. Such differences generally arise from timing differences of some revenue and expense balances in legal books and financial statements prepared in accordance with TFRS and are explained below.

According to TAS 12 Income taxes Article 48; “Current and deferred tax assets and liabilities are generally measured using enacted tax rates (and tax laws). However, in some cases, government announcements regarding tax rates (and tax laws) may have a significant effect on the enactment of legislation and may be enacted several months after the announcement. In such cases, the tax asset and liability are calculated based on the tax rates (or laws) announced.” According to this paragraph, "Currency hedged deposits tax exemption" has been applied for the financial statements as of 31 December 2021. The public offering of the Group was realized as of 28 September 2021, and as announced in the official gazette dated 25 May 2021 and numbered 31491 with the said public offering transaction, the corporate tax rate of Margün Enerji Üretim Sanayi ve Ticaret AŞ, which is one of the institutions with a public offering of at least 20%, has been applied with a 2 percentage point discount on the corporate income to be obtained in the 2021 - 2025 accounting periods and as announced in the official gazette dated 22 January 2022 and numbered 31727, a discount of 2 points in the tax rate has been made due to the industrial registry certificate and actual production activities.

The tax rate used in the calculation of deferred tax assets and liabilities is 25%.

Pursuant to the temporary article added to the Tax Procedure Law by Law No. 7571 dated 24 December 2025, it has been stipulated that PPI-based inflation accounting will not be applied for the fiscal years 2025, 2026 and 2027. Accordingly, inflation accounting will not be applied in the Tax Procedure Law (“TPL”) financial statements that will form the basis for the corporate income tax returns for these periods

Within the scope of the conditions set forth in Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law, revaluation increases of real estate and depreciable assets recognized in the statutory financial statements have been taken into account in the calculation of deferred tax in the TFRS financial statements

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23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

Deferred Tax: (cont’d)

	31 December 2025	31 December 2024
<u>Deferred tax assets/(liabilities):</u>		
Adjustments related to investment property, property, plant and equipment and intangible assets	(1,969,019,639)	(1,926,461,508)
Adjustments related to fair value	(822,142,688)	(612,764,651)
Provision for unused vacation	700,603	758,795
Provision for employment termination benefits	749,729	465,020
Accruals for expenses and income	(34,409,275)	(33,516,631)
Financial losses	399,295,885	307,879,614
Cash flow hedge losses	-	431,708,870
Lease transactions	2,675,796	-
Other	(3,785,104)	(983,440)
	<u>(2,425,934,693)</u>	<u>(1,832,913,931)</u>

The expiration years of the carryforward tax losses for which a deferred tax asset has been recognized are as follows:

	31 December 2025	31 December 2024
Expires in 2026	15,456,355	20,450,421
Expires in 2027	41,094,505	58,643,567
Expires in 2028	111,322,490	159,615,969
Expires in 2029	51,111,812	69,169,657
Expires in 2030	180,310,723	-
	<u>399,295,885</u>	<u>307,879,614</u>

The movement of deferred tax assets / (liabilities) for the year ended December 31, 2025 and 2024 are given below:

	1 January- 31 December 2025	1 January- 31 December 2024
<u>Movements in deferred tax assets / (liabilities):</u>		
Opening balance as of 1 January	(1,832,913,931)	(2,391,529,806)
Recognised in the income statement	(278,933,471)	239,374,166
Recognised under equity	(314,087,291)	319,241,709
Closing balance as of 31 December	<u>(2,425,934,693)</u>	<u>(1,832,913,931)</u>

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23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

Deferred Tax: (cont’d)

The reconciliation of the current tax expense with the profit (loss) for the period is as follows:

	1 Ocak- 31 December 2025	1 Ocak- 31 December 2024
<u>Tax effect</u>		
Loss before tax from operations	(1,337,024,379)	(608,327,645)
Income tax rate	%25	%25
Expected tax expense	334,256,095	152,081,911
Tax effect:		
-Non deductible expenses	(23,146,676)	(13,164,951)
-Deferred tax asset arising from prior year losses	91,416,271	(12,837,081)
-Tax effect of deductible tax losses	(72,663,679)	(68,170,626)
-Inflation effect	(610,019,660)	179,487,410
-Other	1,224,178	1,977,503
Tax provision expense in the income statement	<u>(278,933,471)</u>	<u>239,374,166</u>

24. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year. Companies can increase their capital by distributing shares (“Bonus Shares”) from accumulated profits and reassessment funds to current shareholders based on the number of shareholders’ shares. When calculating earnings per share, the issuance of bonus shares is considered to be the same as shares issued. Therefore, the weighted average number of shares, which is used when calculating the earning per share, is gained by retrospectively counting the issuance of bonus shares. Earnings per share are determined by dividing net profit attributable to shareholders by the weighted average number of issued ordinary shares. The nominal value of one share of the Group is TL 1.

	1 January- 31 December 2025	1 January- 31 December 2024
Earnings per share		
Net profit / (loss) for the period	(1,615,841,810)	(368,953,479)
Number of shares	2,943,467,242	2,917,198,846
Earnings per share (TL)	<u>(0.55)</u>	<u>(0.13)</u>

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25. FINANCIAL INSTRUMENTS

a) Derivative Instruments

31 December 2025	<u>Contract Amount</u>	<u>Asset</u>	<u>Liability</u>
Derivative financial assets			
Presentation of hedging derivative instruments at fair value:			
<i>Derivative instrument</i>	1,091,980,238	90,710,229	-
<i>Cross currency swap transactions</i>	30,225,900	-	747,245
	<u>1,122,206,138</u>	<u>90,710,229</u>	<u>747,245</u>
Short-term	-	42,676,453	747,245
Long-term	-	48,033,776	
	<u>-</u>	<u>90,710,229</u>	<u>747,245</u>
31 December 2024			
Derivative financial assets			
Presentation of hedging derivative instruments at fair value:			
<i>Derivative instrument</i>	59,436,990	-	1,316,626
<i>Cross currency swap transactions</i>	1,176,939,120	48,349,919	-
	<u>1,236,376,110</u>	<u>48,349,919</u>	<u>1,316,626</u>
Short-term	-	15,468,478	1,316,626
Long-term	-	32,881,441	
	<u>-</u>	<u>48,349,919</u>	<u>1,316,626</u>

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25. FINANCIAL INSTRUMENTS (cont’d)

b) Financial Investments

<u>Long-Term Financial Investments</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Financial investments at fair value through profit or loss (*)	3.239.542.400	4.134.876.347
	<u>3.239.542.400</u>	<u>4.134.876.347</u>

(*)The Group acquired 30.39% of Enda Enerji Holding A.Ş. on 20 January 2023 for a consideration of TL 1,123,581,672. Following the initial public offering completed in February 2025, Enda Enerji Holding A.Ş. began to be traded on Borsa İstanbul. As a result of the IPO, the Group’s ownership interest in Enda Enerji Holding A.Ş. decreased from 30.39% to 24.02%. The Company classifies this investment as a long-term financial asset measured at fair value through profit or loss. An impairment loss amounting to TL 895,333,947 has been recognized under expenses from investing activities.

The fair value hierarchy of investments measured at fair value through profit or loss is classified as Level 3. In determining the fair value, although market prices formed due to the trading of Enda Enerji Holding A.Ş. shares on Borsa İstanbul are considered, solely relying on market prices has not been deemed appropriate; therefore, the Discounted Cash Flow (“DCF”) method and acceptable market approaches have also been utilized. The methods applied in the independent valuation are consistent with those used in determining the fair value as of 31 December 2025 in terms of key judgments, estimates and assumptions.

Due to the use of assumptions that are sensitive to sectoral and economic variables—such as long-term price expectations, electricity generation forecasts, discount rate (“Weighted Average Cost of Capital” or “WACC”) and capacity utilization rates—as well as the complexity of inputs and calculations, an independent valuation firm has been engaged for the revaluation. As of 31 December 2025, the fair value determined by an independent valuation company licensed by the Capital Markets Board has been used for plant, machinery and equipment.

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25. FINANCIAL INSTRUMENTS (cont’d)

c) Financial Liabilities

The details of financial liabilities carried at amortized cost are as follows:

	31 December 2025	31 December 2024
Short-Term Financial Borrowings		
Short-term bank loans	1,011,608,816	782,741,423
Short-term portion of long-term bank borrowings	1,361,205,671	1,185,449,139
	<u>2,372,814,487</u>	<u>1,968,190,562</u>
Long-Term Financial Borrowings		
Long-term bank loans	2,001,481,701	2,510,428,519
Total debt	<u>2,001,481,701</u>	<u>2,510,428,519</u>

Currency	Weighted average effective interest rate	31 December 2025		
		Short-term	Weighted average effective interest rate	Long-term
TL	33,84%-93,20%	647,426,934	33,84%-93,20%	180,295,014
USD	5,50%-15,95%	328,177,828	5,50%-15,95%	766,786,772
EUR	4,26%-10,51%	1,394,911,045	4,26%-10,51%	868,076,873
CHF	1,69%	2,298,680	1,69%	186,323,042
		<u>2,372,814,487</u>		<u>2,001,481,701</u>

Currency	Weighted average effective interest rate	31 December 2024		
		Short-term	Weighted average effective interest rate	Long-term
TL	58,02%-87,39%	258,500,883	58,02%-87,39%	156,530,849
USD	5,5%-14,10%	423,425,688	5,5%-14,10%	891,119,662
EUR	4,68%-7,18%	1,275,321,188	4,68%-7,18%	1,289,794,499
CHF	5,02%	10,942,803	5,02%	172,983,509
		<u>1,968,190,562</u>		<u>2,510,428,519</u>

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25. FINANCIAL INSTRUMENTS (cont’d)

c) Financial Liabilities (cont’d)

The maturities of bank loans are as follows:

	31 December 2025	31 December 2024
Payable in 1 year	2,372,814,487	1,968,190,562
Payable in 1 - 2 years	1,125,867,683	925,117,442
Payable in 2 - 3 years	411,256,418	882,808,418
Payable in 3 - 4 years	289,484,051	338,839,566
Payable in 4 - 5 years	128,831,174	216,140,815
5 years and longer	46,042,375	147,522,278
	<u>4,374,296,188</u>	<u>4,478,619,081</u>
	31 December 2025	31 December 2024
<u>Financial Borrowings</u>		
Beginning of the period - 1 January	4,478,619,081	5,120,409,035
Recent financial borrowings	960,777,642	1,550,702,646
Principal payments	(1,228,758,715)	(1,154,036,977)
Change in foreign exchange rate	958,303,280	527,601,181
Change in interest accruals	15,420,239	7,841,209
Impact of subsidiary acquisition	263,949,321	-
Inflation impact	(1,074,014,660)	(1,573,898,013)
Total debt	<u>4,374,296,188</u>	<u>4,478,619,081</u>

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves, other funds and retained earnings. Risks associated with each capital class together with the capital cost of the Group are assessed by the board. Based on board evaluations, it is aimed to keep the capital structure balanced through dividend payments as much as it is with the acquisition of new debt or the repayment of existing debt.

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

a) Capital risk management (cont'd)

As of 31 December 2025 and 31 December 2024, the Group's net debt/total capital ratio is as follows:

	31 December 2025	31 December 2024
Borrowings	4,445,254,008	4,478,619,081
Less: Cash and cash equivalents	(417,849,716)	(150,794,647)
Net Debt	4,027,404,292	4,327,824,434
Total Equity	12,946,875,647	15,187,872,734
Total Capital	16,974,279,939	19,515,697,168
Net Debt/Total Capital Ratio	0.24	0.22

b) Financial risk factors

The Group is exposed to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk due to its activities. The Group's risk management program focuses primarily on minimizing the potential adverse effects of uncertainty in financial markets on the company's financial performance.

Risk management is carried out by a centralized finance department in accordance with policies approved by the Board of Directors. Regarding risk policies, the Group's finance department identifies, evaluates, and mitigates financial risks using tools in collaboration with the Group's operational units.

b.1) Credit risk management

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

The Group has cash and cash equivalents at several financial institutions. The Company manages this risk by continuously evaluating the reliability of these financial institutions.

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

b) Financial risk factors (cont’d)

b.1) Credit risk management (cont’d)

Credit risks by types of financial instruments

	Receivables						Deposit at Banks	Derivative Instruments	Other
	Trade Receivables		Other Receivables						
31 December 2025	Related Party	Other	Related Party	Other					
Maximum exposure to credit risk as of reporting date (A+B+C+D)	-	660,578,833	239,271,512	658,751	415,444,705	89,962,984	-	-	
- The portion of the maximum risk secured by collateral, etc.	-	-	-	-	-	-	-	-	
A. Net book value of financial assets that are not overdue or impaired	-	660,578,833	239,271,512	658,751	415,444,705	89,962,984	-	-	
B. Net book value of overdue but not impaired assets	-	-	-	-	-	-	-	-	
C. Net book values of impaired assets									
- Past due (gross book value)	-	-	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	-	-	
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-	-	
- Not past due (gross amount)	-	-	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	-	-	
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-	-	
D. Off-balance sheet items that include credit risk	-	-	-	-	-	-	-	-	

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

b) Financial risk factors (cont’d)

b.1) Credit risk management (cont’d)

Credit risks by types of financial instruments

31 December 2024	Receivables				Deposit at Banks	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	-	803,039,122	321,095,980	671,166	149,127,314	47,033,293	-
- The portion of the maximum risk secured by collateral, etc.	-	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	-	803,039,122	321,095,980	671,166	149,127,314	47,033,293	-
B. Net book value of overdue but not impaired assets	-	-	-	-	-	-	-
C. Net book values of impaired assets							
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-
D. Off-balance sheet items that include credit risk	-	-	-	-	-	-	-

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Financial risk factors

b.2) Likidite risk yönetimi

The Group's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates, as detailed below.

There has been no change in the market risk that the Group is exposed to in the current year, or in the management and measurement methods of the risks it is exposed to, compared to the previous year.

As of 31 December 2025 and 31 December 2024, undiscounted cash flows and remaining maturities of liabilities are presented in the tables below:

31 December 2025

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Total Contracted Cash Outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-15 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	4,445,254,008	5,107,588,406	678,625,261	1,856,919,522	2,572,043,623
Liabilities arising from lease transactions	70,957,820	76,634,446	-	6,966,768	69,667,678
Trade payables	498,080,657	498,080,657	498,080,657	-	-
Other payables	545,471,442	545,471,442	545,471,442	-	-
Total liability	5,559,763,927	6,227,774,951	1,722,177,360	1,863,886,290	2,641,711,301

31 December 2024

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Total Contracted Cash Outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-15 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	4,478,619,081	6,142,198,884	1,171,429,319	1,615,613,465	3,355,156,100
Trade payables	555,291,763	555,291,763	555,291,763	-	-
Other payables	6,793,223	6,793,223	6,793,223	-	-
Total liability	5,040,704,067	6,704,283,870	1,733,514,305	1,615,613,465	3,355,156,100

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Financial risk factors (cont’d)

b.3.1) Foreign exchange risk management

Transactions in foreign currency cause exchange rate risk.

The distribution of the Group's monetary assets and liabilities in foreign currency as of the balance sheet date is as follows:

	TL Equivalent (Functional currency)	31 December 2025			
		USD	EUR	CHF	GBP
1. Trade Receivables	942,605	22,000	-	-	-
2a. Monetary Financial Assets	39,368,542	204,583	535,393	1,328	62,747
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	78,355,630	837,790	839,084	-	4,622
4. CURRENT ASSETS	118,666,777	1,064,373	1,374,477	1,328	67,369
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	7,576,956	176,843	-	-	-
8. NON-CURRENT ASSETS	7,576,956	176,843	-	-	-
9. TOTAL ASSETS	126,243,733	1,241,216	1,374,477	1,328	67,369
10. Trade Payables	19,399,373	377,422	66,561	-	(2,660)
11. Financial Liabilities	715,000,301	570,000	13,707,468	-	-
12a. Monetary Other Liabilities	14,473,847	6,675	274,698	562	5,509
12b. Non-Monetary Other Liabilities	-	-	-	-	-
13. CURRENT LIABILITIES	748,873,521	954,097	14,048,727	562	2,849
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	2,832,083,235	25,339,327	30,886,798	3,475,000	-
16a. Monetary Other Liabilities	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-
17. Long Term Liabilities	2,832,083,235	25,339,327	30,886,798	3,475,000	-
18. TOTAL LIABILITIES	3,580,956,756	26,293,424	44,935,525	3,475,562	2,849
19. Net asset / liability position of off-balance sheet derivatives	362,773,541	2,682,065	4,928,988	-	-
19a. Hedged portion of assets amount	362,773,541	2,682,065	4,928,988	-	-
19b. Hedged portion of liabilities amount	-	-	-	-	-
20. Net foreign currency asset / liability position (9-18+19)	(3,091,939,482)	(22,370,143)	(38,632,060)	(3,474,234)	64,520
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(3,540,645,609)	(26,066,841)	(44,400,132)	(3,474,234)	59,898

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Financial risk factors (cont’d)

Foreign exchange risk management (cont’d)

	31 December 2024			
	TL Equivalent (Functional currency)	USD	EUR	CHF
1. Trade Receivables	2,146,900	-	58,441	-
2a. Monetary Financial Assets	82,693,663	363,602	1,872,548	27,613
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	41,371,620	1,153,680	18,223	-
4. CURRENT ASSETS	120,944,740	1,453,958	1,867,862	26,461
5. Trade Receivables	8,166,472	231,474	-	-
6a. Monetary Financial Assets	27,995,582	788,931	4,406	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	36,162,054	1,020,405	4,406	-
9. TOTAL ASSETS	157,106,794	2,474,363	1,872,268	26,461
10. Trade Payables	28,464,271	319,323	466,768	-
11. Financial Liabilities	1,709,689,691	11,980,197	34,653,207	279,192
12a. Monetary Other Liabilities	12,666,687	-	344,181	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES	1,750,820,649	12,299,520	35,464,156	279,192
14. Trade Payables	-	-	-	-
15. Financial Liabilities	2,353,897,647	25,212,899	35,046,478	4,413,452
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	2,353,897,647	25,212,899	35,046,478	4,413,452
18. TOTAL LIABILITIES	4,104,718,296	37,512,419	70,510,634	4,692,644
19. Net Asset/ (Liability) Position of Off-Balance Sheet	289,902,271	4,762,598	3,317,610	-
19a. Hedged portion of assets amount	289,902,271	4,762,598	3,317,610	-
19b. Hedged portion of liabilities amount	-	-	-	-
20. Net foreign currencies assets / (liability) position	(3,657,709,231)	(30,275,458)	(65,320,756)	(4,666,183)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(3,983,715,679)	(36,128,412)	(68,575,239)	(4,665,031)

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Financial risk factors (cont’d)

Foreign exchange risk management (cont’d)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The table below shows the Group's sensitivity to 20% increase or decrease in USD and Euro exchange rates. The 20% rate is the rate used when reporting the exchange rate risk within the Group to the senior managers, and this rate represents the possible change expected by the management in the exchange rates. The sensitivity analysis covers only outstanding foreign currency denominated monetary items at year-end and shows the effects of 20% change in foreign currency rates at the end of the year. This analysis includes foreign borrowings, as well as non-functional currency loans of borrowers and borrowers used for foreign operations within the Group. A positive value represents an increase in profit/loss and other equity items.

		31 December 2025	
		Profit / Loss	
		Appreciation of foreign currency	Depreciation foreign currency
In case of a 20% appreciation of US Dollar against TL			
1 - USD net asset/liability		(191,692,887)	191,692,887
2 - Portion hedged against USD risk (-)		-	-
3 - USD net effect (1 +2)		<u>(191,692,887)</u>	<u>191,692,887</u>
In case of a 20% appreciation of EUR against TL			
4 - EUR net asset/liability		(388,529,581)	388,529,581
5 - Portion hedged against EUR risk (-)		-	-
6 - EUR net effect (4+5)		<u>(388,529,581)</u>	<u>388,529,581</u>
In case of appreciation of other foreign exchange rates by 20% against TL			
7- Other foreign currency net assets / liabilities		742,139	(742,139)
8- Other foreign currency hedged portion (-)		-	-
9- Other Foreign Currency Assets net effect (7+8)		<u>742,139</u>	<u>(742,139)</u>
TOTAL (3 + 6 +9)		<u>(579,480,329)</u>	<u>579,480,329</u>

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Financial risk factors (cont’d)

Foreign exchange risk management (cont’d)

Foreign currency sensitivity (cont’d)

	31 December 2024	
	<u>Profit / Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation foreign currency</u>
In case of a 20% appreciation of US Dollar against TL		
1 - USD net asset/liability	(213,625,448)	213,625,448
2 - Portion hedged against USD risk (-)	-	-
3 - USD net effect (1 +2)	<u>(213,625,448)</u>	<u>213,625,448</u>
In case of a 20% appreciation of EUR against TL		
4 - EUR net asset/liability	(479,927,271)	479,927,271
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	<u>(479,927,271)</u>	<u>479,927,271</u>
In case of appreciation of other foreign exchange rates by 20% against TL		
7- Other foreign currency net assets / liabilities	(36,344,526)	36,344,526
8- Other foreign currency hedged portion (-)	-	-
9- Other Foreign Currency Assets net effect (7+8)	<u>(36,344,526)</u>	<u>36,344,526</u>
TOTAL (3 + 6 +9)	<u>(729,897,245)</u>	<u>729,897,245</u>

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27 . NET MONETARY POSITION GAINS AND LOSSES

As of December 31, 2025 and December 31, 2024, the Group's monetary gains and losses are as follows:

<u>Non-Monetary Items</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Financial Position Statement Items	1,408,763,975	1,476,512,933
Inventories	11,765,742	19,834,993
Prepaid expenses	12,468,046	12,604,108
Financial investments	975,885,748	1,172,978,443
Right of use assets	10,483,063	-
Property, Plant, and Equipment	3,214,724,655	5,493,583,777
Investment Property	602,211,062	321,227,692
Deferred Income	(11,564,786)	(31,055,095)
Deferred Tax Liability	347,355,116	(735,102,215)
Treasury Shares	29,809	16,696,760
Capital Adjustment Differences	(1,535,319,474)	(1,999,559,090)
Non-controlling interest	(198,659)	-
Share Premiums and Discounts	(278,726,384)	(297,914,702)
Gains (Losses) from Cash Flow Hedging	653,338,827	633,329,244
Restricted Reserves from Profit	(13,804,429)	(17,298,895)
Retained Earnings or Losses from Previous Years	(2,579,884,361)	(3,112,812,087)
Income Statement Items	(100,693,790)	(55,786,550)
Revenue	(145,239,319)	(149,904,615)
Cost of Sales	72,039,575	49,457,215
General Administrative Expenses	24,675,732	29,459,836
Other Income from Operating Activities	(24,413,052)	(11,693,589)
Other Expenses from Operating Activities	5,755,015	18,539,118
Income from Investment Activities	(166,962,566)	(105,455,186)
Finance Income	(6,620,029)	(14,063,780)
Finance Costs	140,070,854	127,874,451
Gains (Losses) from Net Monetary Position	<u>1,308,070,185</u>	<u>1,420,726,383</u>

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28. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received from the Independent Audit Firm (IAF) by the Group for the periods of January 1 – December 31, 2025, and January 1 – December 31, 2024, are as follows:

	2025			2024		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	3,411,811	-	3,411,811	2,878,619	-	2,878,619
Fees for tax advisory services	-	1,275,595	1,275,595	-	1,399,460	1,399,460
Fees for other assurance services	-	-	-	-	-	-
Fees for other non-audit services	-	-	-	-	-	-
	<u>3,411,811</u>	<u>1,275,595</u>	<u>4,687,406</u>	<u>2,878,619</u>	<u>1,399,460</u>	<u>4,278,079</u>

29. EVENTS AFTER THE REPORTING PERIOD

The potential effects of the conflicts between Iran, Israel and the United States of America on the Group’s operations are being assessed by the Group. As of the reporting date, these developments do not have a significant impact on the Group’s operations, assets, liabilities or financial position.

30. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2025	31 December 2024
Cash on hand	226,434	179,249
Cash at banks	415,444,705	149,127,314
Demand deposits	238,591,323	90,322,234
Time deposits	176,853,382	58,805,080
Other	2,178,577	1,488,084
	<u>417,849,716</u>	<u>150,794,647</u>

There are no blocked deposits (31 December 2024: None).