

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

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED
30 JUNE 2023 AND THE REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

To the Board of Directors of
Margün Enerji Üretim Sanayi ve Ticaret A.Ş.
Ankara

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Kardemir Karabük Demir Çelik Sanayi ve Ticaret A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month interim period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

Additional paragraph for convenience translation to English

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Emrehan Demirel, SMMM
Partner

Ankara, 17 August 2023

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CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

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

ASSETS	Notes	Current Period Audited 30 June 2023	Prior Period Audited 31 December 2022
Cash and cash equivalents	4	104,531,341	286,608,504
Financial investment		94,928,538	261,929,096
Trade receivables		634,389,718	588,202,101
- <i>Trade receivables from third parties</i>		634,389,718	588,202,101
Other receivables		484,599,261	497,766,656
- <i>Other receivables from related parties</i>		483,481,130	497,096,796
- <i>Other receivables from third parties</i>		1,118,131	669,860
Derivative financial instruments		32,640,707	8,983,912
- <i>Derivative financial assets held for cash flow hedges</i>		32,640,707	8,983,912
Inventories		3,112,497	3,102,892
Prepaid expenses		27,211,914	18,863,185
Assets related to current tax	18	108,449	769,040
Other current assets	12	1,808,771	12,648,010
Total current assets		1,383,331,196	1,678,873,396
Other receivables		3,651,960	3,314,617
- <i>Other receivables from third parties</i>		3,651,960	3,314,617
Financial investment		1,677,773,463	-
Derivative financial instruments		50,590,365	29,885,535
- <i>Derivative financial assets held for cash flow hedges</i>		50,590,365	29,885,535
Investment properties		429,314,778	356,338,730
Tangible assets	7	8,060,890,680	5,865,116,968
Intangible assets	8	300,790	181,384
Prepaid expenses		239,839	920
Deferred tax assets		357,381,454	-
Total non-current assets		10,646,792,334	6,254,838,154
TOTAL ASSETS		12,030,123,530	7,933,711,550

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

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

LIABILITIES	Notes	Current Period Audited 30 June 2023	Prior Period Audited 31 December 2022
Short-term borrowings	6	199,819,846	101,091,050
Short-term portions of long-term borrowings	6	583,064,432	343,695,401
Other financial liabilities	6	3,659	86,608
Trade payables		407,728,331	393,292,188
- <i>Trade payables to third parties</i>		407,728,331	393,292,188
Other payables		129,899,351	2,534,758
- <i>Other payables to related parties</i>		126,150,461	40,535
- <i>Other payables to third parties</i>		3,748,890	2,494,223
Payables related to employee benefits		1,140,620	1,052,105
Deferred income		3,218,804	5,018,373
Short-term provisions		727,767	395,818
- <i>Short-term provisions for employee benefits</i>	11	727,767	395,818
Other current liabilities	12	3,968,149	2,252,096
Current liabilities		1,329,570,959	849,418,397
Long-term borrowings	6	1,754,477,641	1,042,467,168
Trade payables		65,570	-
- <i>Trade payables to third parties</i>		65,570	-
Long-term provisions		650,951	350,316
- <i>Long-term provisions for employee benefits</i>	11	650,951	350,316
Deferred tax liabilities	18	579,724,322	73,732,753
Other non-current term liabilities		728,552	-
Non-current liabilities		2,335,647,037	1,116,550,237
Paid-in capital	13	410,000,000	410,000,000
Repurchased shares		(9,107,977)	-
Premiums/ discounts related to shares	13	724,943,924	724,943,924
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss			
- <i>Accumulated Gain on Revaluation of Non-Current Assets</i>	13	6,241,577,664	4,106,943,705
- <i>Accumulated gain on remeasurement of defined benefit plans</i>	13	(157,887)	56,041
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss			
- <i>(Losses) on cash flow hedges</i>	13	(974,028,433)	(606,189,951)
Reserves on retained earnings		18,286,332	5,804,001
Prior years' profit/ (loss)		1,303,702,886	692,065,997
Net profit for the period		649,689,026	634,119,199
Equity attributable to owners of the company		8,364,905,534	5,967,742,916
Non-Controlling Interests		-	-
Total equity		8,364,905,534	5,967,742,916
TOTAL LIABILITIES		12,030,123,530	7,933,711,550

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTHS INTERIM PERIOD
ENDED 30 JUNE 2023

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

	Notes	Current Period	Prior Period		
		Audited	Audited	1 April-	1 April-
		1 January-	1 January-	30 June 2023	30 June 2022
Revenue		253,263,490	274,414,901	129,447,942	166,663,000
Cost of Sales (-)		(156,763,809)	(149,583,740)	(69,505,616)	(73,004,821)
Gross profit		96,499,681	124,831,161	59,942,326	93,658,179
General and administrative expenses (-)	14	(37,339,993)	(9,493,171)	(22,915,374)	(3,800,422)
Other income from operating activities	15	175,753,701	341,234,145	94,917,054	134,022,746
Other expenses from operating activities (-)	15	(79,512,773)	(85,381,536)	(44,318,043)	(23,378,837)
Operating profit		155,400,616	371,190,599	87,625,963	200,501,666
Income from investing activities	16	694,230,580	90,436	(7,316,491)	25,602
Expense from investing activities (-)		(2,727,270)	-	(999,999)	-
Operating profit before finance expense		846,903,926	371,281,035	79,309,473	200,527,268
Financial income	17	102,442,119	221,905,942	91,857,871	107,935,862
Financial expenses (-)	17	(186,001,136)	(299,390,905)	(127,230,493)	(109,765,847)
Profit before taxation		763,344,909	293,796,072	43,936,851	198,697,283
- Deferred tax income/ (expense)	18	(113,655,883)	(4,165,334)	29,152,808	(3,647,470)
Profit/ (Loss) for the period		649,689,026	289,630,738	73,089,659	195,049,813
Owners of the company		649,689,026	289,630,738	73,089,659	195,049,813
OTHER COMPREHENSIVE INCOME		1,766,581,549	183,955,110	1,636,692,236	86,416,384
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss					
Tangible Asset Revaluation Increase		2,261,601,292	-	2,086,239,482	-
Deferred tax (expense)		(126,967,333)	-	(117,906,353)	-
Accumulated Gain on remeasurement of defined benefit plans	11	(267,410)	25,914	(310,384)	(156,867)
Deferred tax (expense)		53,482	(5,183)	62,077	31,373
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss					
Other comprehensive income related with cash flow hedge		(493,605,140)	229,917,974		103,434,206
Deferred tax (expense)		98,721,028	(45,983,595)		(16,892,328)
TOTAL COMPREHENSIVE INCOME		2,416,270,575	473,585,848	1,709,781,895	281,466,197
Earnings/ (loss) per share (TL)	19	1,58	0,71	0,18	0,48

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023

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

	Paid-in capital	Premiums/ discounts related to shares	Repurchased shares	Reserves on retained earnings	Accumulated Other Comprehensive Income or (Expenses) that will be Reclassified to Profit or (Loss)	Accumulated Other Comprehensive Income or (Expenses) that will not be Reclassified to Profit or (Loss)	Prior year's profit	Profit for the period	Equity attributable to owners of the company	Non- controlling interests	Total equity	
					Gain/ losses on hedge	Accumulated gain/ (loss) on remeasurement of defined benefit plans						Accumulated gain on revaluation of noncurrent assets
1 January 2022	410,000,000	724,943,924	-	-	(360,095,783)	74,309	2,761,824,343	(242,620,830)	1,010,190,828	4,304,316,791	-	4,304,316,791
Transfers	-	-	-	-	-	-	-	1,010,190,828	(1,010,190,828)	-	-	-
Total comprehensive income	-	-	-	-	(183,934,379)	20,731	-	-	-	(183,913,648)	-	(183,913,648)
Profit for the period	-	-	-	-	-	-	-	289,630,738	289,630,738	-	-	289,630,738
30 June 2022	410,000,000	724,943,924	-	-	(544,030,162)	95,040	2,761,824,343	767,569,998	289,630,738	4,410,033,881	-	4,410,033,881
1 January 2023	410,000,000	724,943,924	-	5,804,001	(606,189,951)	56,041	4,106,943,705	692,065,997	634,119,199	5,967,742,916	-	5,967,742,916
Transfers	-	-	-	12,482,331	-	-	-	621,636,868	(634,119,199)	-	-	-
Total comprehensive income	-	-	-	-	(367,838,482)	(213,927)	2,134,633,959	-	-	1,766,581,549	-	1,766,581,549
Dividend (-)	-	-	-	-	-	-	-	(9,999,980)	-	(9,999,980)	-	(9,999,980)
Increase (Decrease) Due to Share Buyback	-	-	(9,107,977)	-	-	-	-	-	-	(9,107,977)	-	(9,107,977)
Profit for the period	-	-	-	-	-	-	-	649,689,026	649,689,026	-	-	649,689,026
30 June 2023	410,000,000	724,943,924	(9,107,977)	18,286,332	(974,028,433)	(157,886)	6,241,577,664	1,303,702,885	649,689,026	8,364,905,534	-	8,364,905,534

(*) As of 30 June 2021, the amount for business combination described in Note 1 of the Group.

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023
(Amounts expressed in Turkish Lira ("TL").)

		Current Period (Reviewed)	Prior Period (Reviewed)
	Notes	1 January – 30 June 2023	1 January – 30 June 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Period			
Adjustments related to reconciliation of net profit for the period		649,689,025	289,630,738
Adjustments related to depreciation and amortization expenses	8,9	102,021,130	55,116,810
Adjustments for losses/(gains) on disposal of fixed assets		-	(19,087)
Adjustments related to impairment of financial assets		(646,489,192)	(183,934,379)
Adjustments related to fair value		(72,980,493)	(148,245,199)
Adjustments for unrealized foreign exchange (gain)/losses		190,629,279	-
Adjustments related to provision for unused vacations	12	331,949	229,302
Adjustments related to interest income	18	(67,964,100)	(564,048)
Adjustments for fair value of derivative financial instruments		3,397,982	-
Adjustments related to retirement pay provision expenses		129,493	289,880
Adjustments related to tax expense	19	113,655,883	(41,818,259)
Movements in working capital		272,420,956	(29,314,242)
Adjustments related to increase/decrease in trade receivables		(46,187,617)	(179,373,881)
Adjustments related to increase/decrease in inventories		(9,605)	(132,330)
Adjustments related to increase/decrease in other receivables		(785,614)	(1,081,247)
Adjustments related to increase/decrease in prepaid expenses		(8,587,648)	(16,062,891)
Adjustments related to increase/decrease in other assets		10,839,239	3,360,940
Adjustments related to increase/decrease in trade payables		14,436,143	102,269,350
Adjustments related to increase/decrease in other payables		1,053,122	952,852
Adjustments related to increase/decrease in deferred income		(1,799,569)	(2,728,791)
Adjustments related to increase/decrease in other liabilities		2,510,175	4,549,080
Adjustments related to increase/decrease in employee benefits		88,515	469,930
Income taxes paid	19	660,591	1,029,408
Other cash inflows/(outflows)		5,811,275	-
Cash generated from operations		250,449,963	(116,061,822)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash used in capital increase of subsidiaries, investment in associates		(1,123,581,672)	-
Cash Outflows from Derivative Instruments		(8,534,445)	(622,902,568)
Cash outflows from the purchase of tangible and intangible assets (-)	7,8	(36,674,562)	(60,202,569)
Cash inflows from the sale of tangible and intangible assets	7,8	433,627	120,621
Adjustments related to tangible asset increase/decrease		(763,176)	-
Interest received		49,284,788	564,048
Change on financial assets		192,783,423	-
Cash flows from investing activities		(927,052,017)	(682,420,468)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash obtained from/used for other receivables from related parties/other payables to related parties		139,725,593	(65,686,135)
Repurchased shares		(9,107,977)	-
Cash obtained used for financial borrowings	17	436,064,214	302,133,324
Interest Paid		(62,156,959)	(77,190,139)
Dividends paid		(9,999,980)	-
Cash flows from financing activities		494,524,891	159,257,050
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(182,077,163)	(639,225,240)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		286,608,504	901,294,060
Balance at the end of the period		104,531,341	262,068,820

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023
(Amounts expressed in Turkish Lira (“TL”).)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

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

As of 30 June 2023 the average number of employees in the Group is 81 (31 December 2022: 72 employee),

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

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

Approval of the consolidated financial statements

The condensed consolidated financial statements for the period ended 30 June 2023, have been approved and authorized to be published on 11 August 2023 by the Board of Directors, General Assembly has the authorization to amend the consolidated financial statements.

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023
(Amounts expressed in Turkish Lira (“TL”))

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

Basis of preparation of financial statements and accounting policies

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

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

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

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

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

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

Basis of Measurement

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

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

Functional and Reporting Currency

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

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023
(Amounts expressed in Turkish Lira (“TL”).)

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

Basis of Presentation (cont'd)

Subsidiaries

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

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

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

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

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

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MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

2,4 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

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

Amendments to TAS 1 *Disclosure of Accounting Policies*

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

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

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17,

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

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

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

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

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

TFRS 17 *Insurance Contracts*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Significant Accounting Policies

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

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

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NOTE 3 – BUSINESS COMBINATIONS

Country	30 June 2023		30 June 2022	
	Production amount (KWh)	Sales amount / TL	Production amount (KWh)	Sales amount / TL
Adana	8,670,033	23,072,634	8,384,518	16,088,987
Muğla	16,512,515	51,299,799	21,275,826	43,638,559
Bilecik	1,333,970	3,599,425	1,479,325	2,868,672
Afyon	11,205,906	29,908,805	11,797,759	22,733,543
Nevşehir	7,556,716	20,113,603	7,262,151	14,032,221
Ankara	16,858,119	45,142,328	17,649,035	34,126,391
Yozgat	4,637,650	12,369,618	4,584,044	8,858,860
Antalya	2,972,608	7,874,381	3,002,836	5,735,173
Eskişehir	2,486,182	6,648,719	2,590,294	4,967,585
Konya	14,682,363	39,145,395	14,390,311	28,220,543
Total	86,916,062	239,174,707	92,416,099	181,270,534

	EPC	Construction	Contracting	30 June 2023
Domestic Sales		239,174,707	14,088,783	253,263,490
Cost of sales (-)		(151,656,784)	(5,107,025)	(156,763,809)
Gross Profit (Loss)		87,517,923	8,981,758	96,499,681
	EPC	Construction	Contracting	30 June 2022
Domestic Sales		181,270,534	93,144,367	274,414,901
Cost of sales (-)		(84,382,683)	(65,201,057)	(149,583,740)
Gross Profit (Loss)		96,887,851	27,943,310	124,831,161

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

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NOTE 4 – FINANCIAL INVESTMENT

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

Short-term financial investments

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

	30 June 2023	31 December 2022
Currency Protected Deposit Account (KKMH)	94,928,538	179,656,451
Stocks	-	82,272,645
Total	94,928,538	261,929,096

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

30 June 2023	Nominal value	Fair Value
KKMH	69,000,000	94,928,538
Total	69,000,000	94,928,538

31 December 2022	Nominal value	Fair Value
KKMH	175,705,678	179,656,451
Total	175,705,678	179,656,451

Long-term financial investments

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

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

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NOTE 5 – CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash on hand	27,925	1,462
Cash at banks	104,473,969	286,582,193
Demand deposits	15,484,352	149,336,003
Time deposits	88,989,617	137,246,190
Other liquid assets	29,447	24,849
	104,531,341	286,608,504

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

NOTE 6 – RELATED PARTIES

a) Other receivables

	30 June 2023	31 December 2022
Naturel Holding A.Ş. (***)	468,802,024	319,366,964
Yusuf Şenel (*)	8,653,170	-
Esenboğa Elektrik Üretim A.Ş.(**)	4,081,833	177,729,832
Naturel Yenilenebilir Enerji Ticaret A.Ş.	1,944,103	-
Total	483,481,130	497,096,796

(*) Ultimate parent

(**) Shareholders

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

b) Other payables

	30 June 2023	31 December 2022
Yusuf Şenel	125,983,191	-
Diğer	167,270	40,535
Total	126,150,461	40,535

c) Interest expense

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Esenboğa Elektrik Üretim A.Ş.	2,834,453	2,925,072	2,834,453	2,925,072
Naturel Holding A.Ş.	788,649	36,513,925	788,649	36,513,925
Total	3,623,102	39,438,997	3,623,102	39,438,997

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NOTE 6 – RELATED PARTIES (CONT'D)

d) Interest income

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Esenboğa Elektrik Üretim A.Ş.	2,513,761	5,274,349	2,513,761	5,274,349
Naturel Holding A.Ş.	6,267,297	14,396,589	6,267,297	14,396,589
Total	8,781,058	19,670,938	8,781,058	19,670,938

NOTE 7 - FINANCIAL LIABILITIES

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

	30 June 2023	31 December 2022
Short-term bank loans	199,819,846	101,091,050
Short-term portions of long-term borrowings	583,064,432	343,695,401
Other financial liabilities	3,659	86,608
Short term financial liabilities	782,887,937	444,873,059
Long term bank loans	1,754,477,641	1,042,467,168
Long term financial liabilities	1,754,477,641	1,042,467,168
Total financial liabilities	2,537,365,578	1,487,340,227

The repayment schedule of the financial liabilities are as follows;

	30 June 2023	31 December 2022
Within 1 year	782,884,281	444,786,451
Between 1-5 years	1,754,477,638	1,042,467,168
Total financial liabilities	2,537,361,919	1,487,253,619

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

Financial Liabilities	30 June 2023	31 December 2022
Opening - 1 January	1,487,253,619	1,218,544,541
New financial liabilities received	686,733,007	97,091,050
Payments	(250,585,847)	(319,837,677)
Currency differences	598,536,051	488,122,315
Effect of TFRS 9	816,553	(497,530)
Change in interest accrued	14,608,536	3,830,920
Closing balance	2,537,361,919	1,487,253,619

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

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NOTE 8 – TANGIBLE ASSET

	1 January 2023	Additions	Disposals	Revaluation	30 June 2023
<u>Cost</u>					
Land	312,721,000	32,497,200	-	286,886,000	797,185,000
Buildings	6,701,580,177	-	-	2,450,036,467	8,986,535,844
Machinery and equipment	25,500,217	50,285	-	6,480,882	32,031,384
Vehicles	3,172,342	2,562,660	(433,625)	-	5,301,377
Fixtures and fittings	-	1,429,948	-	-	1,429,948
Construction in progress	312,721,000	32,497,200	-	286,886,000	797,185,000
Leasehold improvements	4,084	-	-	-	4,084
	7,042,977,820	36,540,093	(433,625)	2,743,403,349	9,822,487,637
<u>Accumulated depreciation</u>					
Machinery and equipment	1,174,646,177	98,655,354	-	480,453,844	1,753,755,375
Vehicles	2,815,693	2,351,856	-	1,313,334	6,480,883
Fixtures and fittings	391,269	998,857	(37,140)	-	1,352,986
Leasehold improvements	7,713	-	-	-	7,713
	1,177,860,852	102,006,067	(37,140)	481,767,178	1,761,596,957
Net Book Value	5,865,116,968				8,060,890,680

(**) As of June 30, 2023, there are 2,402,441,711 TL movable pledges and 1,988,191,570 TL mortgages on tangible assets,

NOTE 7 – TANGIBLE ASSET (CONT'D)

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

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	1 January 2022	Additions	Disposals	30 June 2022
<u>Cost</u>				
Land	195,096,467	-	-	195,096,467
Buildings	65,280,000	45,161,736	-	110,441,736
Machinery and equipment	5,172,400,295	55,569	-	5,172,455,864
Vehicles	9,199,841	13,839,656	-	23,039,497
Fixtures and fittings	1,432,055	1,065,498	(109,429)	2,388,124
Construction in progress	-	39,615	-	39,615
Leasehold improvements	4,084	-	-	4,084
	5,443,412,742	60,162,074	(109,429)	5,503,465,387
<u>Accumulated depreciation</u>				
Buildings	1,280,000	931,908	-	2,211,908
Machinery and equipment	835,051,852	53,280,914	-	888,332,766
Vehicles	200,931	759,944	-	960,875
Fixtures and fittings	41,999	133,803	(7,894)	167,908
Leasehold improvements	502	3,195	-	3,697
	836,575,284	55,109,764	(7,894)	891,677,154
Net Book Value	4,606,837,458			4,611,788,233

(**) As of June 30, 2022, there are 2,402,441,711 TL movable pledges and 1,988,191,570 TL mortgages on tangible assets,

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NOTE 8 – INTANGIBLE ASSETS

	1 January 2023	Additon	Disposal	30 June 2023
<u>Cost</u>				
Other intangible assets	262,049	134,469	-	396,518
	262,049	134,469	-	396,518
<u>Accumulated depreciation (-)</u>				
Other intangible assets	80,665	15,063	-	95,728
	80,665	15,063	-	95,728
Net Book Value	181,384			300,790
	1 January 2022	Additon	Disposal	30 June 2022
<u>Cost</u>				
Other intangible assets	183,510	40,496	-	224,006
	183,510	40,496	-	224,006
<u>Accumulated depreciation (-)</u>				
Other intangible assets	49,628	7,046	-	56,674
	49,628	7,046	-	56,674
Net Book Value	133,882	33,450		167,332

Distribution of tangible and intangible assets depreciation is as follows;

	1 January – 30 June 2023	1 January – 30 June 2022
Cost of sales	80,604,100	51,512,021
General and administrative expenses (Note 15)	21,417,030	3,604,789
Total	102,021,130	55,116,810

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NOTE 9 – COMMITMENTS AND CONTINGENCIES

Guarantees-Pledge-Mortgage (“GPM”)

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

	30 June 2023	31 December 2022
A, Total amount of GPM given on behalf of the own legal entity	2,693,430,000	
<i>Guarantees given</i>	29,705,000	29,705,000
<i>Pledge</i>	-	270,986,961
<i>Mortgage</i>	2,663,725,000	381,415,000
B, Total amount of GPM given on behalf of the subsidiaries included in full consolidation	8,533,749,833	
<i>Guarantees given</i>	67,744,181	64,131,181
<i>Pledge</i>	3,001,973,852	2,374,625,400
<i>Mortgage</i>	5,464,031,800	1,828,030,330
C, Total amount of GPM given on behalf of third parties due to normal course of business	-	-
D, Total amount of other GPM given	-	-
i, Total amount of guarantees given in favor of main shareholder	-	-
ii, Total amount of guarantees given in favor of group companies nor covered by B and C clauses	-	-
iii, Total amount of mollaterals given in favor third parties not covered by clause C	-	-
Total	11,227,179,833	4,948,893,872

NOTE 10 – HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE

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

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

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

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NOTE 10 – HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE (CONT’D)

As of 30 June 2022 the hedging ratio has been calculated as 94%, and the hedging efficiency as 97%,

USD	30 June 2023
Hedged item present value (current)	7,905,386
Hedged item present value (non current)	59,811,804
Hedging instrument present value (current)	11,992,475
Hedging instrument present value (non current)	51,450,513
EUR	30 June 2023
Hedged item present value (current)	6,145,117
Hedged item present value (non current)	65,029,215
Hedging instrument present value (current)	10,086,508
Hedging instrument present value (non current)	55,888,022
TRY	30 June 2023
Cumulative exchange rate difference on the hedged item (current)	42,127,728
Cumulative exchange rate difference on the hedged item (non current)	457,640,097
Cumulative exchange rate difference on the hedged instrument (current)	(70,067,113)
Cumulative exchange rate difference on the hedged instrument (non current)	(416,898,165)
Rate of hedging effectiveness	97%
Inactive portion left in income statement	12,802,546

NOTE 11 – PROVISIONS FOR EMPLOYEE BENEFITS

Current provisions for employee benefits

	30 June 2023	31 December 2022
Provision for unused vacations	727,767	395,818
Total	727,767	395,818

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

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance	395,818	83,554
Provisions during the year	331,949	229,302
Closing balance	727,767	312,856

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

Non-current provisions for employee benefits

Provisions for retirement pay liability

	30 June 2023	31 December 2022
Provisions for retirement pay liability	650,951	350,316
Total	650,951	350,316

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

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

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

Provisions for retirement pay liability (cont'd)

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

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

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance	350,316	100,528
Interest cost	73,566	76,544
Service cost	132,781	213,336
Annual payments (-)	(173,121)	-
Actuarial gain/ loss	267,409	(25,914)
Closing balance	650,951	364,494

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NOTE 12 - OTHER CURRENT ASSETS, SHORT TERM LIABILITIES

Other current assets

	30 June 2023	31 December 2022
Deferred VAT	1,285,445	12,627,122
Personnel advance	523,326	20,888
Total	1,808,771	12,648,010

Other current liabilities

	30 June 2023	31 December 2022
Taxes and funds payable	3,968,149	2,242,793
Other liabilities	-	9,303
Total	3,968,149	2,252,096

NOTE 13 - SHAREHOLDER'S EQUITY

a) Capital

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

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

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NOTE 13 - SHAREHOLDER'S EQUITY (CONT'D)

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

	30 June 2023	31 December 2022
Accumulated Gain on Revaluation of Non-Current Assets	6,241,577,664	4,106,943,705
Total	6,241,577,664	4,106,943,705

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

	30 June 2023	31 December 2022
Accumulated loss on remeasurement of defined benefit plans	(157,886)	56,041
Actuarial Loss	(157,886)	56,041

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

	30 June 2023	31 December 2022
Cash flow hedge	(1.025.669.841)	(637.285.509)
Financial hedge fund	51.641.408	31.095.558
Total	(974.028.433)	(606.189.951)

e) Premiums/ discounts related to shares:

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

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NOTE 14 - EXPENSE BY NATUREa) *General administrative expenses*

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Depreciation	(21.417.030)	(3.604.789)	(18.106.191)	(2.276.584)
Taxes, duties and charges expenses	(614.518)	(1.653.983)	(501.633)	-
Consultancy and audit expenses	(3.589.124)	(1.411.077)	(937.011)	(307.769)
Personnel expense	(5.845.735)	(496.858)	(1.346.911)	(322.373)
Donation and aid expenses	(1.462.774)	(782.636)	(383.636)	(212.636)
Rent expenses	(1.571.786)	(684.338)	(781.263)	(452.373)
Insurance expenses	(880.945)	(182.869)	(236.516)	(119.256)
Stock market expenses	(441.656)	-	(441.656)	-
Hospitality expenses	(45.138)	-	(29.905)	-
Advertising expenses	(90.000)	(85.837)	(45.000)	(45.000)
Communication expenses	(8.949)	(73.272)	(7.155)	(36.867)
Court and Notary	(5.791)	(47.064)	-	-
Transportation Expenses	(53.666)	(21.749)	(32.833)	(21.749)
Electricity expenses	-	(5.814)	-	(5.815)
Office expenses	(1.235.079)	-	(53.797)	-
Repair and maintenance expenses	(27.974)	-	(11.867)	-
Other expenses	(34.003)	(442.885)	-	-
Total	(37.339.993)	(9.493.171)	(22.915.374)	(3.800.422)

NOTE 15 - INCOME AND EXPENSES FROM OPERATING ACTIVITIESIncome from operating activities

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign exchange gain on balance sheet items other than financial borrowings (*)	173.595.720	173.595.720	173.595.720	173.595.720
Tax income	339.911.518	339.911.518	339.911.518	339.911.518
Rent income	94.917.054	94.917.054	94.917.054	94.917.054
Insurance incomes	133.658.566	133.658.566	133.658.566	133.658.566
Other incomes	-	-	-	-
Total	175.753.701	341.234.145	94.917.054	134.022.746

(*) This amount consists of foreign exchange income, applied according to “IFRS 9 Cash Flow Hedge”,

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NOTE 15 - INCOME AND EXPENSES FROM OPERATING ACTIVITIES (CONT'D)

Expenses from operating activities

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign exchange loses on balance sheet items other than financial borrowings	(79,188,113)	(84,888,425)	(43,996,318)	(23,010,316)
Other expenses	(324,660)	(493,111)	(321,725)	(368,521)
Total	(79,512,773)	(85,381,536)	(44,318,043)	(23,378,837)

NOTE 16 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January- 30 June 2023	1 January- 30 June 2022	1 January- 30 June 2023	1 January- 30 June 2022
Financial investments proffered at fair value	620,840,796	-	(56,807,667)	-
Investment property appreciation	72,980,493	-	49,081,885	-
Repurchase agreements income	409,291	-	409,291	-
Profits of sales on fixed assets	-	19,087	-	25,602
Gains on marketable securities sales	-	71,349	-	-
Total	694,230,580	90,436	(7,316,491)	25,602

NOTE 17 - INCOME AND EXPENSES FROM FINANCING ACTIVITIES

Income from financing activities

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign exchange incomes from financial borrowings	48.565	67.751.562	(2.251.505)	9.009.141
Interest incomes from derivative transactions	18,679,312	-	18,679,312	-
KKMH interest income	2,002,258	-	-	-
Currency Protected Deposit Account (KKMH)	25,648,396	148,245,199	23,713,871	93,268,974
Interest income from related parties	8.781.058	4.847.603	8.781.058	4.847.604
Time deposit interest income	47.282.530	564.048	45.305.669	349.887
Reduced interest expense	-	497.530	(2.370.534)	460.256
Total	102.442.119	221.905.942	91.857.871	107.935.862

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NOTE 17 - INCOME AND EXPENSES FROM FINANCING ACTIVITIES (CONT'D)

Expense from financing activities

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign exchange and interest expense	(104.620.685)	(218.825.782)	(74.791.273)	(48.346.930)
Borrowings Expenses	(62.156.959)	(77.190.139)	(39.673.048)	(59.481.120)
Bank commission expenses	(10.477.705)	(2.898.879)	(7.694.362)	(1.890.794)
Interest from related parties expenses	(3.623.102)	-	(3.623.102)	-
Delay interests charged	(4.710.607)	-	(4.710.607)	-
Interest expenses from derivative transactions	-	-	3.397.982	-
Letter of guarantee commission expenses	(412.078)	(399.561)	(148.722)	-
Other financing expense	-	(76.544)	12.639	(47.003)
Total	(759,468,229)	(299,390,905)	(700,697,586)	(109,765,847)

NOTE 18 - TAX ASSETS AND LIABILITIES

Current tax liabilities

	30 June 2023	31 December 2022
Current corporation tax liabilities	-	-
Less: Prepaid taxes and fund (-)	(108.449)	(769.040)
Tax provision in the balance sheet	(108.449)	(769.040)

Deferred tax income

Tax income/ (expense)	1 January- 30 June 2023	1 January- 30 June 2022
Current corporation tax liabilities	-	-
Deffered tax income/ (expense)	(113.655.883)	(4.165.334)
	(113.655.883)	(4.165.334)

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NOTE 18 - TAX ASSETS AND LIABILITIES (CONT'D)

Corporate Tax

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

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

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

Deferred tax

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

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

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

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NOTE 18 - TAX ASSETS AND LIABILITIES (CONT'D)

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

Vergi gideri/(geliri)	1 January- 30 June 2023	1 January- 31 December 2022
Adjustments to fair value of financial investments	(124,168,159)	-
Write off expense	1,320	1,320
Tangible and intangible fixed asset depreciation adjustment	16,754,595	9,985,435
Tangible and intangible fixed asset adjustment	42,851,946	37,101,470
Unused vacation provision	145,553	79,163
Subsidiaries adjustment	(3,891,284)	(3,891,284)
Revaluation of tangible assets	(356,741,922)	(230,069,428)
IFRS 15 adjustment	(40,209,230)	(29,006,850)
Severance pay provision	130,190	70,063
Expenses accruals	2,507,309	(1,238,928)
Financial harm	54,713,466	54,713,466
Cash flow hedges	216,106,003	116,252,646
Valuation of investment property	(30,572,889)	(23,275,285)
Adjustments related to fair value	-	(4,454,541)
Others	30,234	-
	(222.342.868)	(73.732.753)

NOTE 19 - EARNINGS PER SHARE

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

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

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Net profit/ (loss)	649,689,026	289,630,738	73,089,659	195,049,813
Number of shares	410,000,000	410,000,000	410,000,000	410,000,000
Earnings/(loss) per share (TL)	1,58	0,71	0,18	0,48

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NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

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

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

b) Financial Risk Factors

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

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

Credit risk management

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

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**NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(CONT'D)**

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

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

30 June 2023	USD	Euro	GBP	TL Equivalent
1, Trade receivables	487	142	-	16,574
2a, Monetary financial assets, (cash and banks account included)	1,593,608	11,939	-	41,488,029
2b, Non monetary financial assets	-	-	-	-
3, Other	19,904,022	292,836	1,476	522,276,479
4, Current assets (1+2+3)	21,498,117	304,917	1,476	563,781,082
5, Trade receivables	-	-	-	-
6a, Monetary financial assets	842,300	9,462	-	22,017,190
6b, Non monetary financial assets	-	-	-	-
7, Other	-	-	-	-
8, Non-current assets (5+6+7)	842,300	9,462	-	22,017,190
9, Total assets (4+8)	22,340,417	314,379	1,476	585,798,273
10, Trade payables	105,788	89,353	-	5,247,418
11, Financial liabilities	8,517,510	12,860,217	-	583,064,425
12a, Other monetary liabilities	4,884,623	1,124,518	-	157,795,788
12b, Other non monetary liabilities	-	-	-	-
13, Current liabilities (10+11+12)	13,507,921	14,074,088	-	745,058,268
14, Trade payables	-	-	-	-
15, Financial liabilities	21,134,269	42,820,462	-	1,754,477,652
16a, Other monetary liabilities	-	-	-	-
16b, Other non monetary liabilities	-	-	-	-
17, Non-current liabilities (14+15+16)	21,134,269	42,820,462	-	1,751,319,629
18, Total liabilities (13+17)	34,642,190	56,894,550	-	2,496,377,897
19, Net assets of off balance sheet derivative items (liability) position (19a - 19b)	-	-	-	-
19a, Total amount of assets hedged	-	-	-	-
19b, Total amount of liabilities hedged	-	-	-	-
20, Net foreign assets / (liability) position (9-18+19)	(12,301,773)	(56,580,171)	1,476	(1,910,579,625)
21, Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(32,205,795)	(56,873,007)	-	(2,432,856,104)

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**NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(CONT'D)**

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

31 December 2022	USD	Euro	TL Equivalent
1, Trade receivables	-	-	-
2a, Monetary financial assets, (cash and banks account included)	37,434,654	63,337	701,227,003
2b, Non monetary financial assets	-	-	-
3, Other	-	-	1,177,985
4, Current assets (1+2+3)	37,434,654	63,337	701,227,003
5, Trade receivables	-	-	-
6a, Monetary financial assets	9,608,170	-	179,656,451
6b, Non monetary financial assets	-	-	-
7, Other	-	-	-
8, Non-current assets (5+6+7)	9,608,170	-	179,656,451
9, Total assets (4+8)	47,042,824	63,337	880,883,454
10, Trade payables	-	-	-
11, Financial liabilities	(3,174,018)	(14,025,647)	(338,948,626)
12a, Other monetary liabilities	-	-	-
12b, Other non monetary liabilities	-	-	-
13, Current liabilities (10+11+12)	(3,174,018)	(14,025,647)	(338,948,626)
14, Trade payables	-	-	-
15, Financial liabilities	(6,349,962)	(46,337,512)	(1,042,467,161)
16a, Other monetary liabilities	-	-	-
16b, Other non monetary liabilities	-	-	-
17, Non-current liabilities (14+15+16)	(6,349,962)	(46,337,512)	(1,042,467,161)
18, Total liabilities (13+17)	(9,523,980)	(60,363,159)	(1,381,415,787)
19, Net assets of off balance sheet derivative items (liability) position (19a - 19b)	4,380,067	13,272,569	346,487,157
19a, Total amount of assets hedged	-	-	-
19b, Total amount of liabilities hedged	4,380,067	13,272,569	346,487,157
20, Net foreign assets / (liability) position (9-18+19)	41,898,911	(47,027,253)	(154,045,176)
21, Net foreign currency asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	18,302,503	(60,299,822)	(859,845,235)

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**NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(CONT'D)**

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

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

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

Exchange Rate Sensitivity Analysis Table

30 June 2023

	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	(63,533,983)	63,533,983
2- USD hedged portion (-)	-	-
3- Net effect of USD	(63,533,983)	63,533,983
Appreciation of EUR against TL by 20%		
4- EUR denominated net assets/liabilities	(318,591,627)	318,591,627
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(318,591,627)	318,591,627
Total	(382,125,610)	382,125,610

Exchange Rate Sensitivity Analysis Table

31 December 2022

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023**

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

NOTE 21 - EVENTS AFTER REPORTING PERIOD

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

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

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