

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2024 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**



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with confidence**

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Independent auditor's report

To the Shareholders of Limak Yenilenebilir Enerji A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Limak Yenilenebilir Enerji A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial positions of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Tolga Kirelli, SMMM
Partner

May 30, 2025
İstanbul, Türkiye

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

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LİMAK YENİLENEBİLİR ENERJİ A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2024 AND 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	4	979,684	1,735,860
Trade receivables	5	1,928,732	1,600,006
Other current assets	12	290,755	74,201
Total current assets		3,199,171	3,410,067
Non-current assets			
Investments in joint ventures	6	4,543,728	3,884,869
Property, plant and equipment	7	24,912,130	22,018,309
Intangible assets	8	230,852	240,690
Deferred tax assets	13	1,455,596	3,452,106
Other non-current assets	12	247,478	836,681
Total non-current assets		31,389,784	30,432,655
Total assets		34,588,955	33,842,722
LIABILITIES			
Current liabilities			
Borrowings	9	2,197,213	2,419,992
Trade payables	5	1,367,842	1,266,950
Current income tax liabilities	13	556	293
Other current liabilities	12	198,583	106,689
Total current liabilities		3,764,194	3,793,924
Non-current liabilities			
Borrowings	9	8,488,725	10,869,440
Provision for defined benefits obligation	11	23,855	18,117
Deferred tax liabilities	13	86,885	2,711
Total non-current liabilities		8,599,465	10,890,268
Total liabilities		12,363,659	14,684,192
EQUITY			
Share capital	14	1,408,565	1,408,565
Adjustment to share capital	14	11,038,624	11,038,624
Hedging reserves		(4,429,229)	(6,022,594)
Actuarial gains or losses		(10,797)	(9,809)
Restricted reserves	14	38,513	38,513
Retained earnings		14,179,620	12,705,231
Total equity		22,225,296	19,158,530
Total liabilities and equity		34,588,955	33,842,722

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

LİMAK YENİLENEBİLİR ENERJİ A.Ş.**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

	Notes	2024	2023
Revenue	15	7,542,157	5,315,489
Cost of sales	16	(3,399,692)	(2,573,809)
Gross profit		4,142,465	2,741,680
Other operating income	17	1,995	14,647
Other operating expenses	17	(28,499)	(12,562)
Operating profit		4,115,961	2,743,765
Share of profit of joint ventures	6	600,422	2,089,528
Financial income	18	220,124	663,490
Financial expenses	18	(2,999,941)	(2,556,912)
Gains on net monetary position		3,610,674	5,061,975
Profit before income tax		5,547,240	8,001,846
Taxation on income			
Current tax expense	13	(7,240)	(53,619)
Deferred tax income/(expense)	13	(2,178,947)	3,666,672
Profit for the year		3,361,053	11,614,899
Earnings per share	22	2.39	8.25

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

LİMAK YENİLENEBİLİR ENERJİ A.Ş.**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

	Notes	2024	2023
Profit for the year		3,361,053	11,614,899
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges		(1,404,465)	(4,518,762)
Cash flow hedges, tax effect	13	351,116	1,355,738
		(1,053,349)	(3,163,024)
Items that have been reclassified to profit or loss			
Cash flow hedges		1,013,400	136,122
Cash flow hedges, tax effect	13	(253,350)	(33,785)
		760,050	102,337
		(293,299)	(3,060,687)
Items that may not be subsequently reclassified to profit or loss			
Actuarial losses	11	(1,986)	(3,045)
Actuarial losses, tax effect	13	497	1,396
Actuarial gains from joint ventures	6	668	930
Actuarial gains from joint ventures, tax effect	6	(167)	(232)
		(988)	(951)
Other comprehensive loss		(294,287)	(3,061,638)
Total comprehensive income		3,066,766	8,553,261

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

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

	Share capital	Adjustment to share capital	Special reserves	Hedging reserves	Actuarial gains or losses	Restricted reserves	Retained earnings	Total equity
Balances at 1 January 2023	1,307,500	10,938,952	426,176	(5,959,443)	(8,858)	38,513	3,883,508	10,626,348
Transfers	-	-	-	2,997,536	-	-	(2,997,536)	-
Transaction under common control (Note 3)	101,065	99,672	(426,176)	-	-	-	204,360	(21,079)
Total comprehensive income/(loss)	-	-	-	(3,060,687)	(951)	-	11,614,899	8,553,261
Balances at 31 December 2023	1,408,565	11,038,624	-	(6,022,594)	(9,809)	38,513	12,705,231	19,158,530
Balances at 1 January 2024	1,408,565	11,038,624	-	(6,022,594)	(9,809)	38,513	12,705,231	19,158,530
Transfers	-	-	-	1,886,664	-	-	(1,886,664)	-
Total comprehensive income/(loss)	-	-	-	(293,299)	(988)	-	3,361,053	3,066,766
Balances at 31 December 2024	1,408,565	11,038,624	-	(4,429,229)	(10,797)	38,513	14,179,620	22,225,296

Refer to Note 3 for special reserves.

Refer to Note 2.5.9 for hedging reserves.

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

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

	Notes	2024	2023
Operating activities:			
Profit before income tax		5,547,240	8,001,846
Adjustments for:			
Depreciation and amortization	16	765,114	718,497
Share of profit joint ventures	6	(600,422)	(2,089,528)
Financial income	18	(220,124)	(663,490)
Financial expenses	18	2,999,941	2,556,912
Provision for litigations		25,744	11,876
Provision for defined benefits obligation	11	11,712	9,893
Gains on net monetary position		(3,610,674)	(5,061,975)
Cash flows from operating activities before changes in operating assets and liabilities		4,918,531	3,484,031
Changes in operating assets and liabilities:			
Trade receivables		(1,389,289)	(124,994)
Trade payables		1,127,791	(490,723)
Other assets		(184,948)	(25,015)
Other liabilities		197,626	(34,348)
Defined benefits obligation payments	11	(833)	(152)
Income tax payments		(63,084)	(53,316)
Cash flows from operating activities		4,605,794	2,755,483
Investing activities:			
Purchases of property, plant and equipment	7	(3,555,006)	(722,863)
Purchases of intangible assets	8	(308)	(595)
Advances given for capital expenditures	12	-	(505,314)
Taxes on capital expenditures		(188,227)	(30,551)
Other receivables		107,537	90,736
Interest received		9,297	9,538
Cash flows used in investing activities		(3,626,707)	(1,159,049)
Financing activities:			
Transactions under common control	3	-	(21,079)
Proceeds from borrowings	9	2,166,670	1,809,560
Payments of borrowings	9	(1,778,370)	(1,696,140)
Payments of lease liabilities	9	(56,581)	(110,461)
Interest and commission payments		(1,726,922)	(1,500,859)
Cash flows used in financing activities		(1,395,203)	(1,518,979)
Inflation effect on cash and cash equivalents		(473,341)	(831,102)
Net increase/(decrease) in cash and cash equivalents		(416,116)	77,455
Foreign exchange gains on cash and cash equivalents		133,281	375,307
Cash and cash equivalents at the beginning of the year		1,735,860	2,114,200
Cash and cash equivalents at the end of the year		979,684	1,735,860

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

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Limak Yenilenebilir Enerji A.Ş. ("Limak Yenilenebilir" or the "Company") was established in 2004 for the purpose of investing in power plants.

The registered address of the Company is:
Hafta Sokak No: 9, Gaziosmanpaşa 06700 Ankara

The Company is a member of the Limak Group of companies. The Company's parent is Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. ("Limak Yatırım") and it is ultimately controlled by Limak Holding A.Ş.

In accordance with the strategic plans of Limak Yatırım, its entire ownership interests in certain entities were transferred to the Company in 2023 (Note 3).

Limak Yenilenebilir and its subsidiaries are referred to together as the Group. Entities within the Group and power plants under their operation are listed below:

Limak Yenilenebilir Enerji A.Ş., the Company

Alkumru Hydroelectric Power Plant ("Alkumru HPP") is located on the Botan stream in Siirt province (Southeastern Anatolia region), which is one of the main arteries of the Tigris. The generation license was granted in 2007 for a period of 49 years. The power plant commenced its operations in 2011 and has 276 MWe installed capacity.

Çetin Dam and Hydroelectric Power Plant ("Çetin HPP") is located on the Botan stream in Siirt province (Southeastern Anatolia region), which is the largest branch of Tigris. The generation license was granted in 2018 for a period of 40 years (*originally issued in 2009 for a period of 49 years*). The power plant commenced its operations in 2020 and has 420 MWe installed capacity.

Limgaz Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş., a subsidiary of the Group

Buharkent Geothermal Power Plant ("Buharkent GPP") is located in Buharkent, Aydın (Aegean region). The generation license was granted in 2016 for a period of 25 years. The power plant commenced its operations in 2018 and has 15 MWe installed capacity (including its hybrid SPP).

LE Güneş Elektrik Üretim A.Ş., a subsidiary of the Group

Konya Apa Solar Power Plant ("Konya Apa SPP") is located in Apa, Konya (Central Anatolia region). The generation license was granted in 2019 for a period of 49 years. The power plant commenced its operations in 2019 and has 13 MWe installed capacity.

Limak Enerji Misis Elektrik Üretim A.Ş., a subsidiary of the Group

Isparta Gönen Solar Power Plant ("Isparta Gönen SPP") is located in Gönen, Isparta (Mediterranean region). There is no license requirement for the power plant. The power plant commenced its operations in 2017 and has 5 MWe installed capacity.

LE Erzin GES Enerji A.Ş., a subsidiary of the Group

Erzin Solar Power Plant ("Erzin SPP") is located in Erzin, Hatay (Mediterranean region). The generation license was granted in 2024 for a period of 30 years. The power plant commenced its operations in 2024 and has 100 MWe installed capacity.

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Darenhes Elektrik Üretimi A.Ş., a joint venture of the Group

Tatar Hydroelectric Power Plant ("Tatar HPP") is located on the Peri Stream in the provinces of Elazığ and Tunceli (Eastern Anatolia region). The generation license was granted in 2005 for a period of 49 years. The power plant commenced its operations in 2013 and has 128 MWe installed capacity.

Pembelik Hydroelectric Power Plant ("Pembelik HPP") is located on the Peri Stream in the provinces of Elazığ and Tunceli (Eastern Anatolia region). The generation license was granted in 2005 for a period of 49 years. The power plant commenced its operations in 2015 and has 127 MWe installed capacity.

Seyrantepe Hes Elektrik Üretimi A.Ş., a joint venture of the Group

Seyrantepe Hydroelectric Power Plant ("Seyrantepe HPP") is located on the Peri Stream in the provinces of Elazığ and Tunceli (Eastern Anatolia region). The generation license was granted in 2011 for a period of 41 years (*originally issued in 2003 for a period of 49 years*). The power plant commenced its operations in 2008 and has 57 MWe installed capacity.

Information on installed capacity and granted licenses of power plants is as follows:

Power plants	Installed capacity	Licensed for	Expires in
Alkumru HPP	276 MWe	49 years	2056
Çetin HPP	420 MWe	49 years	2058
Tatar HPP	128 MWe	49 years	2054
Pembelik HPP	127 MWe	49 years	2054
Seyrantepe HPP	57 MWe	49 years	2052
Buharkent GPP	15 MWe	25 years	2041
Konya Apa SPP	13 MWe	49 years	2068
Isparta Gönen SPP	5 MWe	-	-
Erzin SPP	100 MWe	30 years	2054

Information on annual electricity generation of power plants in megawatt hours is as follows:

Power plants	2024	2023
Alkumru HPP	931,202	542,697
Çetin HPP	1,248,294	664,368
Tatar HPP	386,161	375,474
Pembelik HPP	355,947	348,837
Seyrantepe HPP	156,149	153,522
Buharkent GPP	70,241	75,598
Konya Apa SPP	25,421	25,967
Isparta Gönen SPP	8,813	8,682
Erzin SPP	53,325	-

HPP : Hydroelectric Power Plant

GPP : Geothermal Energy Power Plant

SPP : Solar Energy Power Plant

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2024**

(Amounts expressed in thousand Turkish Lira (“TRY”) in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all the periods and the years presented, unless otherwise stated.

Limak Yenilenebilir, its subsidiaries and joint ventures registered in Türkiye, maintain their books of accounts in accordance with the Turkish Commercial Code (“TCC”), local tax legislation and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance. These consolidated financial statements are based on the statutory records, which are maintained under historical cost convention, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

The Company also prepares its annual statutory financial statements in accordance with the Turkish Financial Reporting Standards (“TFRS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The consolidated financial statements have been prepared on the basis of the purchasing power of the Turkish Lira as of 31 December 2024.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.6.

2.1.2 Approval of financial statements

The consolidated financial statements have been authorized for issue by the Board of Directors on 30 May 2025.

2.1.3 Comparatives

The consolidated financial statements of the Group are prepared comparatively to enable the determination of the trends of the financial position and performance. The Group presented the consolidated statement of financial position at 31 December 2024 comparatively with the consolidated statement of financial position at 31 December 2023.

The Group presented the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year ended 31 December 2024 comparatively with the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year ended 31 December 2023.

For ensuring compliance with the current year presentation of financial statements, comparative figures are reclassified if necessary.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2024**

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1.4 Financial reporting in hyperinflationary economy**

Pursuant to the IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. IAS 29 does not establish an absolute rate when hyperinflation is deemed to arise and IASB does not identify specific hyperinflationary jurisdictions. However, IAS 29 provides a series of non-exclusive guidelines that assist companies in exercising their judgement as to when restatement of financial statements becomes necessary. These guidelines consist of (i) analyzing the behavior of the population regarding preservation of wealth in non-monetary assets or in relatively stable foreign currency, prices being quoted in terms of a relatively stable currency, interest rates and wages being linked to a price index, and the loss of the currency's purchasing power, and (ii) as a quantitative characteristic, verifying if the three-year cumulative inflation rate approaches or exceeds 100%. In March 2022, the International Practices Task Force of the Centre for Audit Quality, which monitors countries experiencing high inflation, categorized Türkiye as a country with three-year cumulative inflation rate greater than 100% as of 28 February 2022. Therefore, entities whose functional currency is TRY, reporting under IFRS have been required to apply IAS 29 to their financial statements for periods ended on and after 30 June 2022.

Under IAS 29, the consolidated financial statements are presented in terms of the measuring unit current as of 31 December 2024. All the amounts included in the consolidated financial statements which are not stated in terms of the measuring unit current at the end of the reporting period are restated applying the general price index. Adjustment for inflation has been calculated considering the price indices published by the Turkish Statistical Institute (Turkstat). Such indices used to restate the financial statements at 31 December 2024 are as follows:

Date	Index	Conversion factor	Cumulative three-year inflation rate
31 December 2024	2,684.55	1.00000	291%
31 December 2023	1,859.38	1.44378	268%
31 December 2022	1,128.45	2.37897	156%

The main procedures applied for the restatements in accordance with IAS 29 are as follows:

- Monetary assets and liabilities are carried at amounts current at the reporting date and not restated because they are already expressed in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of equity are restated by applying the relevant conversion factors from the date of the transaction to the reporting date.
- All items in the statement of profit or loss and the statement of other comprehensive income, except for those derived from non-monetary assets and liabilities, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary position are included in the statement of profit or loss as "gains on net monetary position".
- All items in the statement of cash flow are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All comparative figures for the previous reporting periods have been restated by applying the general price index for the current period, so that the resulting comparative financial statements are presented in terms of the current unit of measurement as of the closing date of the reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2024**

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

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

2.2 Amendments to International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2024 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2024. These standards and interpretations do not have a material impact on the Group's financial position and performance.

a) *The standards, amendments and interpretations applicable as at 1 January 2024:*

- Amendments to IAS 1 "Presentation of Financial Statements": Classification of liabilities as current and non-current liabilities
- Amendments to IFRS 16 "Leases": Lease liability in a sale and leaseback
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": Supplier finance arrangements

b) *The standards, amendments and interpretations that are issued but not effective as at 31 December 2024:*

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

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures": Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of exchangeability
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures": Classification and measurement of financial instruments
- Annual improvements to IFRS Accounting Standards (Volume 11):
 - IFRS 1 "First-time Adoption of International Financial Reporting Standards": Hedge accounting by a first-time adopter
 - IFRS 7 "Financial Instruments: Disclosures": Gain or loss on derecognition
 - IFRS 9 "Financial Instruments": Lessee derecognition of lease liabilities and transaction price
 - IFRS 10 "Consolidated Financial Statements": Determination of a 'De facto agent'
 - IAS 7 "Statement of Cash Flows": Removal of cost method
- IFRS 18 "Presentation and Disclosure in Financial Statements": The new standard for presentation and disclosures
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures": Contracts referencing nature-dependent electricity
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures": Eligible entities to elect to apply reduced disclosure requirements

c) *The amendments which are effective immediately upon issuance:*

- Amendments to IAS 12 "Income taxes": International tax reform – Pillar two model rules

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group and the amendments are not expected to have a material impact on the consolidated financial statements of the Group.

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

2.3 Changes in accounting policies, estimates and errors

Significant changes in accounting policies are applied or material misstatements are corrected, retrospectively; by restating the prior period consolidated financial statements (Note 2.1.3).

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

2.4 Going concern

The consolidated financial statements have been prepared in accordance with the going concern assumption. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

2.5 Summary of material accounting policies

Where necessary, accounting policies for subsidiaries and joint ventures are amended, hence they comply with the policies adopted by the Group. A summary of material accounting policies used in the preparation of the consolidated financial statements are as follows:

2.5.1 Group accounting

The consolidated financial statements include the accounts of the parent company, Limak Yenilenebilir and its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IFRS, applying uniform accounting policies and presentation. The results of subsidiaries are included or excluded from their effective dates of acquisition or disposal, respectively.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases. However, in combinations involving entities or businesses under common control, subsidiaries are consolidated as if they had always been combined.

The Group combines individual income and expenses, assets and liabilities and cash flows of subsidiaries on a line-by-line basis with similar items in the consolidated financial statements. Intercompany transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

All subsidiaries are wholly-owned (100%) by the Company and listed below:

- Limgaz Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.
- LE Güneş Elektrik Üretim A.Ş.
- Limak Enerji Misis Elektrik Üretim A.Ş.
- LE Erzin GES Enerji A.Ş.

LİMAK YENİLENEBİLİR ENERJİ A.Ş.

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

Joint Ventures

Joint ventures are entities over which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

The joint venture of the Group and ownership interests (%) are below:

	2024	2023
<u>Darenhes Elektrik Üretimi A.Ş.</u>		
Direct and indirect ownership interest	50.00	50.00
held by the Company	50.00	49.27
held by the family	-	0.73
Proportion of effective interests	50.00	49.27

The entity consolidated by the joint venture and ownership interests (%) are below:

	2024	2023
<u>Seyrantepe Hes Elektrik Üretimi A.Ş.</u>		
Direct and indirect ownership interest	50.00	50.00
held by the Company	50.00	49.26
held by the family	-	0.74
Proportion of effective interests	50.00	49.26

2.5.2 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The consolidated financial statements are presented in TRY, which is the functional and the presentation currency of Limak Yenilenebilir.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.5.3 Related parties

Shareholders, members of Board of Directors and key management personnel, in each case together with their families and companies controlled by or affiliated with them, joint ventures and associates are considered and referred to as related parties.

2.5.4 Financial assets and liabilities

Classification and measurement

The Group classifies its financial assets and liabilities in three categories: financial assets and liabilities "measured at amortized cost", financial assets and liabilities "measured at fair value through profit or loss", financial assets and liabilities "measured at fair value through other comprehensive income". The classification of financial assets and financial liabilities are determined considering the entity's business model for managing these and the contractual cash flow characteristics of the financial asset or liability. The appropriate classification of financial assets or liabilities is determined at the initial recognition.

Financial assets and liabilities measured at amortized cost

"Financial assets and liabilities measured at amortized cost" are not actively traded and non-derivative assets and liabilities that are held within a business model whose objective is to hold assets or liabilities in order to be entitled to contractual cash flows and the contractual terms of the financial assets and liabilities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets and liabilities carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets and liabilities measured at amortized cost are accounted for under the statement of profit or loss.

Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities in this category are measured at their fair values at initial recognition and subsequent measurement. Gains and losses on valuation of these financial assets and liabilities are accounted for under profit or loss.

Financial assets and liabilities measured at fair value through other comprehensive income

Financial assets and liabilities in this category are measured at their fair values at initial recognition and subsequent measurement. Gains and losses on valuation of these financial assets and liabilities are accounted for under other comprehensive income. The Group has not recognized such assets or liabilities in the current and prior years.

2.5.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term liquid investments with original maturities of 3 months or less.

2.5.6 Trade receivables

Trade receivables that are recognized by way of providing goods or services directly to a customer are accounted for initially at fair value and subsequently are measured at amortized cost, using the effective interest method, less provision for impairment, if any.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

The Group applies "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component. In accordance with the simplified approach, the Group measures the loss allowances of the trade receivables for an amount equal to "lifetime expected credit losses", except for credit losses where trade receivables are already impaired for a specific reason. The expected credit losses are reviewed at each reporting period and recognized when necessary.

2.5.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Liabilities associated with the suppliers, such as resource utilization accruals, are also classified under trade payables.

2.5.8 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the year of the facility to which it relates.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the year in which the asset is prepared for its intended use or sale. All other borrowing costs and the part of the borrowing cost that compensates for the inflation during the same period are charged to the statement of profit or loss when they are incurred.

Foreign exchange differences to the extent that they are regarded as an adjustment to interest costs are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

2.5.9 Non-derivative cash flow hedge

The Group designates certain borrowings (non-derivative financial instruments) as cash flow hedge of highly probable forecast transactions. The effective portion of changes in the foreign exchange differences on borrowings that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. When a hedging instrument expires or is sold or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in the statement of profit or loss when the forecast transaction is ultimately realized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss accounted for under equity is immediately transferred to the consolidated statement of profit or loss.

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

Gains and losses deferred in other comprehensive income, remain in other comprehensive income until the cash flows associated with the hedged item occur. At the time when a forecast sale occurs, the respective amount of foreign exchange gains or losses is reclassified from other comprehensive income to profit or loss within financial income or expenses as a reclassification adjustment in the same periods during which the hedged expected forecasted sales affect profit or loss.

Gains and losses reclassified to profit and loss are based on the amounts originally recorded (*historical*) under equity and then expressed in terms of the measuring unit current (*restated*) at the reporting date, in line with all other items in the statement of profit or loss and other comprehensive income. Consequently, for proper demonstration of gains or losses to be reclassified to profit or loss in subsequent periods, any excess of hedging reserve (*restated*) over cumulative gains or losses existing in hedging reserve (*historical*) is transferred to retained earnings each period. As of 31 December 2024, the excess transferred to retained earnings is TRY1,886,664 (2023: TRY2,997,536).

2.5.10 Property, plant and equipment

Property, plant and equipment are carried at the acquisition cost less accumulated depreciation and impairment, if any. Land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Land improvements	8 years
Buildings	up to 50 years
Machinery and equipment	
- Electromechanical equipment	up to 50 years
- Other equipment	5 – 20 years
Motor vehicles	5 – 15 years
Furniture and fixtures	3 – 10 years
Other	3 – 10 years

Estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The cost of an item of property, plant and equipment comprises:

- Acquisition costs, including import duties and non-refundable purchase taxes, less discounts and rebates,
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating,
- Employee benefits arising directly from the construction or acquisition of the item of the asset,
- Site preparation and expropriation costs for the construction works,
- Initial delivery and handling costs,
- Installation and assembly costs,
- Professional fees,
- Borrowing costs eligible for capitalization.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other operating income or other operating expense in the consolidated statement of profit or loss.

Advances given for construction activities are carried at cost and are classified under other non-current assets.

2.5.11 Intangible assets

Intangible assets are initially recognized at acquisition cost and amortized on a straight-line basis over their estimated useful lives.

Intangible assets comprise energy generation licenses and other rights acquired. Amortization is calculated using the straight-line method over license periods or a period not exceeding 5 years.

2.5.12 Leases

At inception of a contract, the Group assesses whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset,
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset,
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- The Group has the right to direct the use of an identified asset.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above-mentioned factors.

The lease liabilities are measured at their present value by discounting the unrealized lease payments using the Group's incremental borrowing rate at the date of initial application and classified as financial liabilities. At initial recognition, the right-of-use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) and classified under property, plant and equipment.

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

2.5.13 Provision for defined benefits obligation

Provision for defined benefits obligation, as required by the Turkish Labour Law, represents the estimated present value of the future probable obligation of the Group arising from the retirement of the employees. Provision which is allocated by using defined benefit pension's current value according to actuarial estimations is calculated by using estimated liability method.

2.5.14 Taxes on income

Taxes on income for the period comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the reporting date and adjustments provided for previous years' income tax liabilities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences, deductible tax losses carried forward and unused investment allowances are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

2.5.15 Revenue recognition

The Group recognizes its revenue based on the criteria and principles determined in the relevant standards. The Group's electricity sales represent a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the grid or customer; therefore, each promise to deliver electricity is a separate performance obligation that is satisfied at a point in time. Control of electricity is transferred and therefore electricity sales revenue is recognized when the electricity is delivered to the grid.

The Group applies the practical expedient for the amount of the consideration from a contract, consequently the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

2.5.16 Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue, retrospectively adjusted for bonus elements, during the year.

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

2.5.17 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the consolidated financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function.

2.5.18 Provisions, contingent assets and liabilities

Provisions are recognized in the consolidated financial statements, when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate, used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks, for which future cash flow estimates have been adjusted.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group have not been recognized in these consolidated financial statements and treated as contingent liabilities and contingent assets.

2.5.19 Segment reporting

Operating segments are assessed concurrently with the internal reporting and strategic segments presented to the authorized decision-making bodies or individuals within the Group. For the purpose of making decisions regarding the allocation of resources to these segments and evaluating their performance, the entities and individuals vested with the authority to make strategic decisions concerning the Group's activities are identified as Group's senior executives.

Given that the Group operates within a single segment, the senior executives make strategic decisions in a manner that encompasses the entirety of the Group's activities. Consequently, in accordance with the relevant provisions of IFRS 8 "Operating Segments", the Group has only one reportable operating segment, and financial information is not disaggregated by operating segments.

2.5.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.5.21 Events after the reporting period

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the reporting date. If non-adjusting events after the reporting date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

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

2.5.22 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to its fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in the consolidated statements of profit or loss.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. Any excess of the acquirer's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

Transactions under common control

In combinations involving entities or businesses under common control, assets and liabilities subject to a business combination are recognized at their predecessor values in the consolidated financial statements. In addition, statements of profit or loss are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted for as special reserve under equity.

2.6 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements necessitates the use of judgements, estimates and assumptions that affect asset and liability amounts disclosed as of the reporting date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these judgements, estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined as follows:

2.6.1 Useful lives of tangible and intangible assets

In accordance with the accounting policy stated in Note 2.5.10 Property, plant and equipment and Note 2.5.11 Intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives. Amortization of intangible assets is calculated using the straight-line method over license periods or a period not exceeding 5 years. Useful lives depend on the best estimates of management and are reviewed in each financial period and corrected accordingly.

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

2.6.2 Taxation on income

As of 31 December 2024, the Group recognized a deferred tax asset amounting to TRY998 million (2023: TRY2,080 million) over property, plant and equipment and TRY126 million (2023: TRY1,046 million) (Note 13) over the carry forward tax losses to the extent that it is probable that future taxable profit will be available based on the forecasted income and expense projections (Note 2.5.14). Electricity prices, electricity generation, foreign exchange rates and inflation rates used for developing the taxable profit projections are based on certain assumptions and management estimates. The future cash flows have been calculated on the basis of these estimates, and differences that might arise between the aforementioned estimates and their realizations might affect the deferred tax assets. Should all other assumptions remain the same, electricity prices had considered 10% lower, the deferred tax assets recognized would not have been changed.

2.6.3 Non-derivative cash flow hedge

In accordance with the accounting policy stated in Note 2.5.9 the Group has started to apply non-derivative hedge accounting for its foreign currency risk arising from highly probable USD denominated revenues through utilizing related USD denominated loans amounting to USD198 million as of 31 December 2024, commencing from 1 January 2016. Consequently, a total of TRY4,429 million (net of tax), is accounted for under "Hedging reserves" in equity as of 31 December 2024.

As of 31 December 2024, the hedge relationship has been measured as 100% effective. As a result of the sensitivity analysis performed on the forecasted revenue figures, the Group concluded that the 10% increase/decrease in the forecasts do not have a significant effect on the evaluation of the hedge effectiveness tests.

2.6.4 Seasonal changes in operations

The Group's consolidated financial performance is not subject to seasonal fluctuations.

NOTE 3 - BUSINESS COMBINATIONS

Transactions under common control

Limak Yatırım, the sole shareholder of the Company, undertook a reorganization in 2023 and decided to transfer certain affiliated entities to the Company. In this context:

- At the Board of Directors Meeting of the Company held on 2 June 2023, it was decided to take over the control of LE Erzin GES Enerji A.Ş. from Limak Yatırım by transfer of ownership interest using share purchase method. The transfer of entire shares in the affiliated entity was completed at the same date. The purchase price was set based on entity's share capital amount of TRY45,500 thousand (*nominal*).
- At the Extraordinary General Assembly Meeting of the Company held on 22 June 2023, it was decided to take over the control of Limgaz Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş., LE Güneş Elektrik Üretim A.Ş. and Limak Enerji Misis Elektrik Üretim A.Ş. from Limak Yatırım by transfer of ownership interest using the partial spin off method. The decision taken at the Extraordinary General Assembly Meeting was registered by Ankara Trade Registry Office at the same date and the transfer of entire shares in the affiliated entities was completed accordingly. As a result of the transaction, the share capital of the Company was increased by TRY101,065 thousand (*nominal*).

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The purpose of the combination is to reorganize aforementioned entities under the Company and form a structure in which these entities have a common functional management. Since all of the entities subject to reorganization are ultimately controlled by the same parties both before and after the reorganization, the takeovers are considered transactions among entities under common control.

Predecessor values are used and no goodwill is recognized on these transactions. The financial information of the subsidiaries has been consolidated as if they had always been combined.

In combination involving entities and businesses under common;

- Assets and liabilities of entities subject to combination are recognized at their predecessor values in the parent's consolidated financial statements
- Profit or losses and other comprehensive income of entities subject to combination are consolidated from the beginning of financial year in which the business combination takes place.
- Comparative financial information is restated for periods prior to the combination, to reflect the combination as if it had occurred from the beginning of the earliest period presented
- Opening balances of share capitals and retained earnings of entities subject to combination prior to combination are included in a separate reserve under the equity (*1 January 2023: TRY426,176 thousand*). Capital injections to or capital reduction by the entities subject to combination during the periods prior to combination are considered as contributions from or distribution to shareholders ("transactions under common control") and accounted for in such reserve under the equity.
- Opening balances of hedging reserves of entities subject to combination are included in the corresponding accounts under the equity considering that cash flow hedges are recognized in consolidated other comprehensive income and reclassified to consolidated profit or loss.
- Accumulated reserve accounted for under the equity is eliminated against the increase in share capital of the Company and consideration for share purchase (disclosed above) as of the actual dates of combination and the excess, arising from application of inflation accounting, is transferred to retained earnings of the Group.

Supplementary information on statements of changes in equity and cash flows

	2024	2023
Distribution to shareholders	-	(28,999)
Contribution from shareholders	-	98,292
Transfers to shareholders for purchase of shares	-	(90,372)
	-	(21,079)

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NOTE 4 - CASH AND CASH EQUIVALENTS

	2024	2023
Cash on hand	12	23
Cash at banks		
- demand deposits	949,501	1,715,090
- time deposits	30,171	20,747
	979,684	1,735,860

The average maturity of time deposits is less than 3 months.

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	2024	2023
Customers	41,118	207,427
Due from related parties (Note 19)	1,887,614	1,392,579
	1,928,732	1,600,006

The weighted average term of trade receivables, excluding due from related parties, is less than 3 months.

Trade payables	2024	2023
Suppliers	93,752	275,589
Resource utilization accruals (*)	1,212,460	770,485
Due to related parties (Note 19)	61,630	220,876
	1,367,842	1,266,950

The weighted average term of trade payables, excluding due to related parties, is less than 3 months.

(*) Resource utilization accruals consist of water utilization fee accruals and resource utilization administration share.

Water utilization accruals are calculated based on the annual electricity generation by determined unit price for each year in accordance with the framework of the Water Utilization Right Agreements, signed with the General Directorate of State Hydraulic Works (SHW) on 25 December 2006 for Alkumru HPP and 7 November 2019 for Çetin HPP. Such payables are due to SHW in the first month of each following year.

The annual resource utilization administration share is calculated with the rates determined within the framework of the relevant legislation over the gross sales in accordance with the framework of the geothermal resource operation license obtained by Buharkent GPP on 23 October 2016. Such payables are due to the General Directorate of Mining and Petroleum Affairs in the sixth month of each following year.

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NOTE 6 - INVESTMENTS IN JOINT VENTURES

Amounts recognized in the statements of financial positions

Investments in joint ventures	2024	2023
Darenhes Elektrik Üretimi A.Ş.	4,543,728	3,884,869
	4,543,728	3,884,869

The movements of joint ventures accounted for using the equity method are as follows:

	2024	2023
Balance at the beginning of the year	3,884,869	1,794,643
Additions (Note 19)	57,936	-
Share of profit of joint ventures	600,422	2,089,528
Share of other comprehensive income of joint ventures	501	698
Balance at the end of the year	4,543,728	3,884,869

Amounts recognized in the statements of profit or loss

Share of profit of joint ventures	2024	2023
Darenhes Elektrik Üretimi A.Ş.	600,422	2,089,528
	600,422	2,089,528

Amounts recognized in the statements of other comprehensive income

Share of other comprehensive income of joint ventures	2024	2023
Darenhes Elektrik Üretimi A.Ş.	501	698
	501	698

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NOTE 6 - INVESTMENTS IN JOINT VENTURES (Continued)

Summarized financial information for the joint venture

	2024	2023
Current assets	105,292	326,593
Non-current assets	11,434,811	13,103,375
Current liabilities	158,044	427,032
Non-current liabilities	2,294,603	5,116,872
Total equity	9,087,456	7,886,064
Less: Non-controlling interests	-	(1,208)
Net assets	9,087,456	7,884,856
Group's share	50.00%	49.27%
Group's share of net assets	4,543,728	3,884,869

	2024	2023
Revenue	2,737,358	3,090,250
Cost of sales	(827,544)	(871,245)
Operating income/(expenses)	6,701	19,526
Financial income/(expenses)	(873,885)	(3,578,173)
Gains on net monetary position	1,457,214	3,312,737
Taxation on income	(1,299,000)	2,268,866
Profit for the year	1,200,844	4,241,961
Less: Non-controlling interests	-	(987)
Profit of the joint ventures	1,200,844	4,240,974
Group's share	50.00%	49.27%
Group's share of profit	600,422	2,089,528

Additional information for the joint venture

	2024	2023
Cash and cash equivalents	41,756	124,543
Short-term borrowings	86,508	299,623
Long-term borrowings	2,273,601	5,092,164
Depreciation and amortization	354,681	353,861
Interest income	27,412	35,748
Interest expense	252,978	563,145

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
1 January 2024							
Cost	58,017	20,674,761	5,147,156	2,638	25,700	1,037,820	26,946,092
Accumulated depreciation	(43,480)	(3,751,079)	(1,112,142)	(1,217)	(19,865)	-	(4,927,783)
Net book value	14,537	16,923,682	4,035,014	1,421	5,835	1,037,820	22,018,309
Opening net book value	14,537	16,923,682	4,035,014	1,421	5,835	1,037,820	22,018,309
Additions	-	-	1,630	-	1,005	3,757,842	3,760,477
Disposals	-	(111,688)	-	-	-	-	(111,688)
Transfers	-	26,373	4,769,289	-	-	(4,795,662)	-
Depreciation	(702)	(504,767)	(247,753)	(163)	(1,583)	-	(754,968)
Closing net book value	13,835	16,333,600	8,558,180	1,258	5,257	-	24,912,130
31 December 2024							
Cost	58,017	20,589,446	9,918,075	2,638	26,705	-	30,594,881
Accumulated depreciation	(44,182)	(4,255,846)	(1,359,895)	(1,380)	(21,448)	-	(5,682,751)
Net book value	13,835	16,333,600	8,558,180	1,258	5,257	-	24,912,130

Right of use assets amounting to TRY951,827 thousand consisting of forest land use permits are recognized under buildings.

Construction in progress mainly consist of Erzin SPP capital expenditures.

Depreciation expenses related to property, plant and equipment are accounted for under cost of sales.

Total mortgages on property, plant and equipment as of 31 December 2024 amounts to USD1,586 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
1 January 2023							
Cost	58,017	20,184,018	5,076,550	1,603	25,327	5,255	25,350,770
Accumulated depreciation	(38,063)	(3,246,690)	(915,963)	(1,117)	(17,574)	-	(4,219,407)
Net book value	19,954	16,937,328	4,160,587	486	7,753	5,255	21,131,363
Opening net book value	19,954	16,937,328	4,160,587	486	7,753	5,255	21,131,363
Additions	-	490,743	20,417	1,035	373	1,082,754	1,595,322
Transfers	-	-	50,189	-	-	(50,189)	-
Depreciation	(5,417)	(504,389)	(196,179)	(100)	(2,291)	-	(708,376)
Closing net book value	14,537	16,923,682	4,035,014	1,421	5,835	1,037,820	22,018,309
31 December 2023							
Cost	58,017	20,674,761	5,147,156	2,638	25,700	1,037,820	26,946,092
Accumulated depreciation	(43,480)	(3,751,079)	(1,112,142)	(1,217)	(19,865)	-	(4,927,783)
Net book value	14,537	16,923,682	4,035,014	1,421	5,835	1,037,820	22,018,309

Right of use assets amounting to TRY1,096,277 thousand consisting of forest land use permits are recognized under buildings.

Construction in progress mainly consist of Erzin SPP and Buharkent hybrid SPP capital expenditures.

Depreciation expenses related to property, plant and equipment are accounted for under cost of sales.

Total mortgages on property, plant and equipment as of 31 December 2023 amounts to USD1,586 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Right of use assets

	2024	2023
1 January		
Cost	1,185,170	694,933
Accumulated depreciation	(88,893)	(56,201)
Net book value	1,096,277	638,732
Opening net book value	1,096,277	638,732
Additions	-	490,237
Disposals	(111,688)	-
Depreciation	(32,762)	(32,692)
Closing net book value	951,827	1,096,277
31 December		
Cost	1,073,482	1,185,170
Accumulated depreciation	(121,655)	(88,893)
Net book value	951,827	1,096,277

NOTE 8 - INTANGIBLE ASSETS

	Licenses	Other	Total
1 January 2024			
Cost	287,155	2,872	290,027
Accumulated amortization	(48,014)	(1,323)	(49,337)
Net book value	239,141	1,549	240,690
Opening net book value	239,141	1,549	240,690
Additions	-	308	308
Amortization	(9,647)	(499)	(10,146)
Closing net book value	229,494	1,358	230,852
31 December 2024			
Cost	287,155	3,180	290,335
Accumulated amortization	(57,661)	(1,822)	(59,483)
Net book value	229,494	1,358	230,852

Amortization expenses related to intangible assets are accounted for under cost of sales.

Mortgages on intangible assets as of 31 December 2024 amount to USD50 million and EUR30 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 8 - INTANGIBLE ASSETS (Continued)

	Licenses	Other	Total
1 January 2023			
Cost	287,155	2,277	289,432
Accumulated amortization	(38,367)	(849)	(39,216)
Net book value	248,788	1,428	250,216
Opening net book value	248,788	1,428	250,216
Additions	-	595	595
Amortization	(9,647)	(474)	(10,121)
Closing net book value	239,141	1,549	240,690
31 December 2023			
Cost	287,155	2,872	290,027
Accumulated amortization	(48,014)	(1,323)	(49,337)
Net book value	239,141	1,549	240,690

Amortization expenses related to intangible assets are accounted for under cost of sales.

Mortgages on intangible assets as of 31 December 2023 amount to USD50 million and EUR30 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

(Amounts expressed in thousand Turkish Lira ("TRY") in terms of purchasing power of the TRY on 31 December 2024 unless otherwise stated.)

NOTE 9 - BORROWINGS

Short-term borrowings	2024	2023
Current portion of long-term bank borrowings	2,161,666	2,342,346
Lease liabilities	35,547	77,646
	2,197,213	2,419,992

Long-term borrowings	2024	2023
Bank borrowings	8,256,759	10,361,586
Lease liabilities	231,966	500,001
Shareholder loans (Note 19)	-	7,853
	8,488,725	10,869,440

The redemption schedule of long-term borrowings are as follows:

	2024	2023
2025	-	1,896,200
2026	1,790,766	1,848,437
2027	1,745,446	1,796,096
2028	1,673,407	1,710,756
2029	1,348,501	1,553,645
2030 and over	1,698,639	1,564,305
	8,256,759	10,369,439

Movements in the borrowings are as follows:

	2024	2023
Balance at the beginning of the year	12,711,785	13,794,367
Proceeds	2,166,670	1,809,560
Repayments	(1,778,370)	(1,696,140)
Foreign exchange adjustments	1,543,368	5,014,096
Change in interest accruals	1,020	250,288
Monetary gains	(4,226,048)	(6,460,386)
Balance at the end of the year	10,418,425	12,711,785

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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NOTE 9 - BORROWINGS (Continued)

The redemption schedule of long-term lease liabilities are as follows:

	2024	2023
2025	-	68,095
2026	30,684	58,778
2027	27,884	51,641
2028	24,215	44,577
2029	20,903	38,557
2030 and over	128,280	238,353
	231,966	500,001

Movements in the lease liabilities are as follows:

	2024	2023
Balance at the beginning of the year	577,647	426,020
Modifications	(111,688)	490,237
Repayments	(56,581)	(110,461)
Change in interest accruals	41,633	98,694
Monetary gains	(183,498)	(326,843)
Balance at the end of the year	267,513	577,647

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees given	2024	2023
Letters of guarantees given	297,525	1,189,866
	297,525	1,189,866
Guarantees received	2024	2023
Letters of guarantees received	196,042	577,820
	196,042	577,820

Mortgages on property, plant and equipment and intangible assets as of 31 December 2024 amount to USD1,636 million (2023: USD1,636 million) and EUR30 million (2023: EUR30 million).

The Group entered into share pledge, commercial enterprise pledge and account pledge agreements in connection with project finance facilities.

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NOTE 11 - PROVISION FOR DEFINED BENEFIT OBLIGATION

	2024	2023
Provision for defined benefits obligation	23,855	18,117
	23,855	18,117

Under Turkish Labour Law, the Group is required to pay retirement benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies, or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

At 31 December 2024, the amount payable consists of one month's salary limited to a maximum of TRY41.83 thousand (31 December 2023: TRY23.49 thousand, as declared) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2024	2023
Discount rate (%)	3.63	3.63
Turnover rate to estimate the probability of retirement (%)	98.00	98.00

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY45.66 thousand which is effective from 1 January 2025 (1 January 2024: TRY35.06 thousand, as declared), has been taken into consideration in calculating the Group's provision for defined benefits obligation.

Movements in the provision for defined benefits obligation are as follows:

	2024	2023
Balance at the beginning of the year	18,117	12,980
Service costs	4,329	3,737
Interest expenses	7,383	6,156
Payments	(833)	(152)
Actuarial losses	1,986	3,045
Monetary gains	(7,127)	(7,649)
Balance at the end of the year	23,855	18,117

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NOTE 12 - OTHER ASSETS AND LIABILITIES

Other current assets	2024	2023
Value added tax receivables	188,227	31,205
Prepaid income taxes	56,720	-
Prepaid expenses ⁽¹⁾	42,121	41,611
Other	3,687	1,385
	290,755	74,201

Other non-current assets	2024	2023
Due from related parties (Note 19)	209,535	317,072
Advances given ⁽²⁾	24,636	505,314
Spare parts	12,497	13,339
Other	810	956
	247,478	836,681

(1) Mainly consists of premium payments under insurance policies.

(2) Consists of advances given to subcontractors for the Erzin SPP project.

Other current liabilities	2024	2023
Taxes and funds payable	65,572	69,622
Consideration payable (Note 19)	57,936	-
Provision for litigations	41,376	27,552
Contract liabilities ^(*)	17,870	-
Accrued salaries and wages	10,254	6,975
Unused vacation accruals	5,575	2,540
	198,583	106,689

(*) Consists of advances received within the scope of electricity sales.

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NOTE 13 - TAX ASSETS AND LIABILITIES

	2024	2023
Current income tax liabilities	556	293
	556	293

	2024	2023
Advance tax payments	62,528	3,975
Less: Utilisations	(5,808)	(3,975)
Prepaid income taxes	56,720	-

In Türkiye, corporate tax is payable at a rate of 25% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (2023: 25%).

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements, which include its subsidiaries and joint ventures. Therefore, tax considerations reflected in consolidated financial statements have been calculated on a separate-entity basis.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years.

Taxation on income in the statement of profit or loss are as follows:

	2024	2023
Current tax charge	(7,240)	(4,927)
Payments within the scope of Law No.7338 ⁽¹⁾	-	(44,083)
Payments within the scope of Law No.7440 ⁽²⁾	-	(4,609)
Current tax expense	(7,240)	(53,619)
Deferred tax income/(expense)	(2,178,947)	3,666,672
	(2,186,187)	3,613,053

- (1) The Law No. 7338 on the Amendment of Tax Procedural Law and Certain Other Laws has entered into force on 26 October 2021. The law has introduced significant amendments in tax laws, especially in the Corporate Tax Law, Income Tax Law and Tax Procedural Law. The articles of Tax Procedural Law regulating inflation adjustments and revaluation rates were modified by the aforementioned law. The amendments provided the entities with the option to restate the value of their depreciable assets in the periods in which the inflation accounting cannot be applied as the conditions for implementation have not been met. An additional tax charge of 2% shall be applicable for the revaluation difference calculated in accordance with provisional article 32 whereas the revaluation difference calculated in accordance with paragraph (ç) of the repeated article 298 shall not require such an additional charge.
- (2) The Law No. 7440 on Restructuring of Certain Receivables and Amendments to Certain Laws took effect on 12 March 2023. In accordance with the related law, taxpayers may increase their tax base and pay the tax within the specified timeframes outlined in the relevant articles. No further assessments will be made for the years of the increase.

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NOTE 13 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the tax expenses in the statement of profit or loss are as follows:

	2024	2023
Profit before income tax	5,547,240	8,001,846
Tax calculated at enacted tax rate	(1,386,810)	(2,000,462)
Tax effect of:		
Share of profit or loss of joint ventures	150,106	522,381
Disallowable expenses	(3,138)	(136,994)
Inflation adjustments ^(*)	(946,345)	5,936,584
Tax rate differences	-	(670,166)
Other	-	(38,290)
Tax income/(expense)	(2,186,185)	3,613,053

(*) Arising from differences between application of inflation adjustments in accordance with IFRS and Tax Procedural Law.

In accordance with the repeated article 298 and provisional article 33 of the Tax Procedure Law No: 213 and "General Communiqué on Tax Procedure Law No: 555" published in the Official Gazette on 30 December 2023, it is declared that the (tax base) financial statements of the entities operating in Türkiye should be subject to inflation adjustment as of 31 December 2023. The inflation adjusted (tax base) financial statements constituted an opening balance sheet base for tax returns to be prepared starting from 1 January 2024 and opening balance sheet inflation effects were not taken into consideration in the calculation of 2023 corporate income tax liability.

Deferred taxes	2024	2023
Deferred tax assets	1,455,596	3,452,106
Deferred tax liabilities	(86,885)	(2,711)
	1,368,711	3,449,395

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with IFRS and their statutory tax financial statements. Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income under the liability method using an enacted tax rate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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NOTE 13 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities, using enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2024	2023	2024	2023
Deferred tax assets:				
Property, plant and equipment	3,991,867	8,321,411	997,967	2,080,352
Resource utilization accruals	1,212,460	770,485	303,115	192,621
Carryforward tax losses	504,064	4,182,143	126,016	1,045,536
Tax credits over finance costs	405,624	732,044	101,406	183,012
Defined benefits obligation	23,855	18,117	5,963	4,529
Other	46,950	30,460	11,738	7,615
			1,546,205	3,513,665
Deferred tax liabilities:				
Property, plant and equipment	(455,943)	(10,860)	(119,578)	(2,714)
Intangible assets	(229,301)	(238,938)	(57,325)	(59,734)
Other	(2,364)	(7,278)	(591)	(1,822)
			(177,494)	(64,270)
Deferred tax assets, net			1,368,711	3,449,395

Carryforward tax losses

Deferred tax assets are recognized for tax losses carried forward to extent that the realization of the related tax benefit through the future taxable profits is probable.

At 31 December 2024, the Group has recognized deferred tax assets amounting to TRY126,016 thousand (2023: TRY1,045,536 thousand) over the carryforward tax losses amounting to TRY504,064 thousand (2023: TRY4,182,143 thousand) in the consolidated financial statements.

The expiration years of such carryforward tax losses are as follows:

	2024	2023
2024	-	8,224
2025	-	31,104
2026	102,635	1,167,830
2027	26,122	26,122
2028	241,798	1,663,367
2029	133,509	-
Statutory	504,064	2,896,647
Inflation	-	1,285,496
Reported	504,064	4,182,143

Movements in deferred income taxes:

	2024	2023
Balance at the beginning of the year	3,449,395	(1,540,394)
Recognized in profit or loss	(2,178,947)	3,666,672
Recognized in other comprehensive income	98,263	1,323,117
Balance at the end of the year	1,368,711	3,449,395

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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NOTE 14 - EQUITY

Share capital

The Company's authorized and issued share capital consists of 1,408,565,000 shares with TRY1 of par value each (2023: 56,342,600 shares TRY25 of par value each).

The shareholding structure of the Company:

Shareholders	2024		2023	
	Share%	Amount	Share %	Amount
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	100.00	1,408,565	100.00	1,408,565
Share capital	100.00	1,408,565	100.00	1,408,565
Adjustment to share capital		11,038,624		11,038,624
Total share capital		12,447,189		12,447,189

There are no different types of shares.

Restricted reserves

Legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. As of 31 December 2024, legal reserves of the Company are TRY38,513 (2023: TRY38,513).

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NOTE 15 - REVENUE

	2024	2023
Sales at feed-in tariffs	4,517,773	623,583
Sales at spot market	1,933,231	3,191,514
Sales through bilateral agreements	1,091,153	1,500,392
	7,542,157	5,315,489

In accordance with the legislation numbered 5346 "Law on Utilization of Renewable Energy Resources for the Purpose of Generating Electrical Energy", the Renewable Energy Resources Support Mechanism ('YEKDEM') implements feed-in tariffs for the sale of electricity generated by power plants with Renewable Energy Resource Certificate.

NOTE 16 - COST OF SALES

	2024	2023
Resource utilization cost	1,438,399	994,433
Depreciation and amortization	765,114	718,497
System utilization cost	474,519	368,637
Electricity supply cost	248,096	121,991
Employee benefits	197,805	140,717
Technical services	110,749	96,047
Insurance expenses	65,921	50,092
Other	99,089	83,395
	3,399,692	2,573,809

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	2024	2023
Insurance claims	1,048	9,748
Late payment charges	22	3,839
Other	925	1,060
	1,995	14,647
Other operating expenses	2024	2023
Provision expenses	(27,573)	(11,876)
Other	(926)	(686)
	(28,499)	(12,562)

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NOTE 18 - FINANCIAL INCOME AND EXPENSES

Financial income	2024	2023
Interest income	48,487	54,175
Foreign exchange gains	171,637	609,315
	220,124	663,490
Financial expenses	2024	2023
Interest expense	(1,526,634)	(1,736,880)
Foreign exchange losses	(1,321,185)	(757,324)
Other	(152,122)	(62,708)
	(2,999,941)	(2,556,912)

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balances with related parties

Trade receivables	2024	2023
<i>Shareholders</i>		
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	-	235,570
<i>Other related parties</i>		
Limak Enerji Ticareti A.Ş.	1,887,614	1,157,009
	1,887,614	1,392,579

The maturities of trade receivables are more than three months and do not exceed twelve months in each case. Considering the low level of credit risks, the Group does not require collaterals for its interest-free receivables from related parties having good financial strength.

Trade payables	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	128	191,305
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	46,305	28,470
<i>Other related parties</i>		
Limak Enerji Ticareti A.Ş.	15,016	97
Limak Teknoloji Yazılım Savunma Sanayi ve Tic. A.Ş.	181	217
Baren Enerji Üretim Sanayi ve Ticaret A.Ş.	-	787
	61,630	220,876

The maturities of trade payables are less than three months. The Group does not provide collaterals for its payables to related parties.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Other assets	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	43,775	41,510
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	165,760	275,562
	209,535	317,072

Receivables consist of funds provided to shareholders. The weighted average interest rates are 52.00% for TRY and 7.50% for USD (2023: 46.00% for TRY and 8.50% for USD) and maturity dates are more than a year.

Other liabilities

On 2 December 2024, share purchase agreements was executed for the purpose of acquiring all the shares held by the family, as disclosed in Note 2.5.1, in Darenhes Elektrik Üretimi A.Ş. and Seyrantepe Hes Elektrik Üretimi A.Ş., the joint ventures of the Group. In accordance with the share purchase agreements, the total purchase price was agreed based on the total equity amounts of the respective companies and was subject to an adjustment for the realized annual inflation. Consequently, as of 31 December 2024, the aggregate purchase price was determined as TRY57,936 thousand and the share transfers were recognized accordingly.

Shareholder loans	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	-	1,764
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	-	6,089
	-	7,853

Loans mainly consist of funds borrowed from shareholders. The weighted average interest rate of these loans was 46.00% for TRY as of 31 December 2023. The maturity dates were mainly subordinated to the project finance loans.

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Transactions with related parties

Electricity sales	2024	2023
<i>Other related parties</i>		
Limak Enerji Ticareti A.Ş.	2,862,676	1,583,753
	2,862,676	1,583,753
Electricity purchases	2024	2023
<i>Other related parties</i>		
Limak Enerji Ticareti A.Ş.	136,486	113,604
	136,486	113,604
Management and technical service purchases	2024	2023
<i>Shareholders</i>		
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	99,429	87,652
	99,429	87,652
Other services and charges	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	1,951	465
<i>Other related parties</i>		
Baren Enerji Üretim Sanayi ve Ticaret A.Ş.	2,495	2,857
Limak Teknoloji Yazılım Savunma Sanayi ve Tic. A.Ş.	649	1,219
Limak Havacılık İletişim Eğitim ve Ticaret A.Ş.	-	1,245
	5,095	5,786
Capital expenditures	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	358,097	142,170
	358,097	142,170

Capital expenditures mainly consist of construction services received for Erzin SPP.

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Interest income	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	10,638	9,053
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	26,657	35,253
	37,295	44,306
Interest expenses	2024	2023
<i>Shareholders</i>		
Limak İnşaat Sanayi ve Ticaret A.Ş.	6,973	20,713
Limak Yatırım Enerji Üretim İşletme Hizm. ve İnş. A.Ş.	39,677	1,476
	46,650	22,189

Shareholders represent the shareholder of the Company and its shareholders.

Other related parties represent the subsidiaries and joint ventures of the shareholders.

Key management compensation

The Group determined key management personnel as the chairman and members of the Board of Directors, general manager and deputy general managers.

	2024	2023
Short-term compensation	11,134	-
	11,134	-

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NOTE 20 - FINANCIAL RISK MANAGEMENT

Financial risk management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

a) Credit risk

Credit risk is the risk that a counterparty cannot fulfil its obligations in the agreements that the Group is party to. The Group monitors the credit risk by ratings and limitations to the total risk of a single counterparty.

The credit risk is limited since the significant portion of trade receivables comprise energy exchange market transactions secured with counterparty guarantees provided by Energy Exchange Istanbul ("EXIST") which is legally incorporated under the Turkish Electricity Law and regulated by EMRA. Moreover, the Group deposits its cash in reputable lender banks, which keeps the credit risk at an acceptable level.

2024	Bank deposit	Trade receivables	Other receivables
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	979,672	1,928,732	209,535
A. Neither past due nor impaired	979,672	1,928,732	209,535
B. Restructured	-	-	-
C. Past due but not impaired	-	-	-
D. Impaired	-	-	-
- Gross amount	-	-	-
- Impairment	-	-	-
E. Collective provision for impairment (-)	-	-	-

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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

2023	Bank deposit	Trade receivables	Other receivables
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	1,735,837	1,600,006	317,072
A. Neither past due nor impaired	1,735,837	1,600,006	317,072
B. Restructured	-	-	-
C. Past due but not impaired	-	-	-
D. Impaired	-	-	-
- Gross amount	-	-	-
- Impairment	-	-	-
E. Collective provision for impairment (-)	-	-	-

Credit quality details of neither past due nor impaired financial assets are as follows:

	2024	2023
Related parties	2,097,149	1,709,651
Financial institutions	979,672	1,735,837
Public institutions and corporations	36,613	202,985
Other customers with no payment defaults	4,505	4,442
	3,117,939	3,652,915

b) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to local currency. These risks are monitored and limited by the analysis of the foreign currency position.

Non-derivative financial instruments:

The Group's power plants have right to participate in YEKDEM (Note 15) which enables the Group to manage its foreign exchange risk arising from foreign currency denominated revenues with foreign currency denominated borrowings. The Group's power plants have the flexibility to choose annually between selling electricity under the USD based feed in tariffs or in the spot market, optimizing revenue based on market conditions.

The Group is applying non-derivative hedge accounting for its foreign currency risk effective from 1 January 2016. The foreign currency component of USD denominated borrowings is designated as the hedging instrument of the foreign currency exposure arising on highly probable USD based forecast revenues (within the scope of feed in tariff mechanism) in a cash flow hedge and the spot component of the retranslation of the borrowings is recognized in other comprehensive income and recycled to profit or loss when the hedged forecast revenues are realized. Whenever it was decided not to participate feed in tariff mechanism by a power plant and for a specific period, the associated forecasted revenue is excluded from scope of cash flow hedge. The Group sold its electricity under feed in tariffs in previous years. However, considering market trends, the Group decided to sell electricity generated exclusively by its HPPs in the spot market to capitalize on expected favorable prices in the prior year. The Group continued to participate in YEKDEM in the current year and thereafter.

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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group are as follows:

	2024	2023
Asset	1,003,026	1,486,081
Liabilities	(9,195,839)	(11,015,013)
Balance sheet position	(8,192,813)	(9,528,932)
Off-balance sheet position	6,960,428	9,808,561
Foreign currency position	(1,232,385)	279,628

Off-balance sheet position consists of non-derivative financial instruments as further discussed above.

	2024		
	USD	EUR	Total
Assets:			
Cash and cash equivalents	817,991	4,992	822,983
Other assets	180,039	4	180,043
Total assets	998,030	4,996	1,003,026
Liabilities:			
Borrowings	(8,162,751)	(944,208)	(9,106,959)
Trade payables	(87,075)	(1,805)	(88,880)
Total liabilities	(8,249,826)	(946,013)	(9,195,839)
Balance sheet position	(7,251,796)	(941,017)	(8,192,813)
Non-derivative instruments (hedging)	6,960,428	-	6,960,428
Foreign currency position	(291,368)	(941,017)	(1,232,385)

As of 31 December 2024, if EUR and USD had appreciated/depreciated by 10% against TRY, with all other variables held constant, net foreign currency position would have been TRY123.2 million higher/lower, mainly as a result of foreign exchange losses/gains on the translation of the foreign currency position.

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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

	USD	2023 EUR	Total
Assets:			
Cash and cash equivalents	998,906	7,564	1,006,470
Other assets	479,610	-	479,610
Total assets	1,478,516	7,564	1,486,080
Liabilities:			
Borrowings	(10,452,268)	(283,580)	(10,735,848)
Trade payables	(275,387)	(3,778)	(279,165)
Total liabilities	(10,727,655)	(287,358)	(11,015,013)
Balance sheet position	(9,249,139)	(279,794)	(9,528,933)
Non-derivative instruments (hedging)	9,808,561	-	9,808,561
Foreign currency position	559,422	(279,794)	279,628

As of 31 December 2023, if EUR and USD had appreciated/depreciated by 10% against TRY, with all other variables held constant, net foreign currency position would have been TRY27.9 million higher/lower, mainly as a result of foreign exchange losses/gains on the translation of the foreign currency position.

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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages the exposure of financial liabilities by matching of contractual repricing dates of financial assets and liabilities.

The weighted average effective interest rates (%) for the financial assets and liabilities of the Group are as follows:

	2024			2023		
	USD	EUR	TRY	USD	EUR	TRY
Assets						
Cash and cash equivalents	-	-	38.52	-	-	41.43
Other receivables	7.50	-	52.00	8.50	-	46.00
Liabilities						
Borrowings						
with fixed interest rates	7.00	-	17.29	7.00	-	17.99
with floating interest rates	10.44	5.10	52.00	11.24	9.71	46.00

The Group entered into project finance facilities and secured long-term project finance loans for its capital expenditures of power plants. Major project finance loans are as follows:

Project	Currency	Facility	Interest	2024	2023
Cetin HPP	USD	226,977	SOFR+CAS+5.75	136,186	158,884
Cetin HPP	TRY	329,976	15.85	197,985	230,983
Alkumru HPP	USD	97,000	SOFR+CAS +5.75	44,717	52,186
Alkumru HPP	TRY	187,222	15.85	86,310	100,726
Buharkent GPP	USD	37,000	SOFR+CAS +5.20	16,706	19,706
Erzin SPP	TRY	1,000,000	18.70	1,000,000	1,000,000
Erzin SPP	USD	25,000	SOFR+3.35	22,222	-
Erzin SPP	EUR	20,917	EURIBOR+0.80	20,917	-

Amounts shown above are expressed in thousands and presented in the currencies stated.

Contractual re-pricing dates of the Group's financial liabilities are within six months.

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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate positions are as follows:

Financial instruments with fixed interest rates	2024	2023
Financial assets		
Cash and cash equivalents	30,171	20,747
Financial liabilities		
Borrowings	1,675,092	2,698,904
Financial instruments with floating interest rates	2024	2023
Financial assets		
Other receivables	209,535	317,072
Financial liabilities		
Borrowings	8,671,715	10,098,687

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

The undiscounted contractual cash flows of the financial liabilities of the Group is as follows:

2024	On demand or up to 3 months	3-12 months	1-5 years	5 years and over	Total
Borrowings	991,717	1,818,005	8,827,443	3,367,679	15,004,844
Trade payables	1,367,842	-	-	-	1,367,842
Other liabilities	198,583	-	-	-	198,583
	2,558,142	1,818,005	8,827,443	3,367,679	16,571,269
2023	On demand or up to 3 months	3-12 months	1-5 years	5 years and over	Total
Borrowings	1,346,180	1,852,546	10,751,295	4,599,462	18,549,483
Trade payables	1,266,950	-	-	-	1,266,950
Other liabilities	106,689	-	-	-	106,689
	2,719,819	1,852,546	10,751,295	4,599,462	19,923,122

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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)**d) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net financial debt/total capital ratio. Net financial debt is calculated as bank borrowings less cash and cash equivalents.

Net financial debt/total capital ratio is as follows:

	2024	2023
Bank borrowings	10,418,425	12,711,785
Cash and cash equivalents	(979,684)	(1,735,860)
Net financial debt	9,438,741	10,975,925
Total equity	22,225,296	19,158,530
Total capital	31,664,037	30,134,455
Net financial debt/total capital ratio	29.81%	36.42%

Fair value of financial instruments

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

The carrying values of cash and cash equivalents and trade receivables are assumed to approximate to their fair values due to their short-term nature.

Financial liabilities

The fair values of trade payables and short-term borrowings are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of long-term borrowings are assumed to approximate to their carrying values due to their floating interest rate.

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NOTE 21 - FINANCIAL INSTRUMENTS ADDITIONAL DISCLOSURES**Fair value estimation**

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

As of the reporting dates, the Group does not have any assets and liabilities measured at fair value.

NOTE 22 - EARNINGS PER SHARE

	2024	2023
Profit for the year	3,361,053	11,614,899
Weighted average number of shares with nominal value of TRY 1 each	1,408,565	1,408,565
Earnings per share	2.39	8.25

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

- The Company issued USD 450 million green bond on 12 February 2025 with an annual fixed coupon rate of 9.625% and a maturity of 5.5 years in the International Stock Exchange ("TISE"). The Company further issued USD 75 million green bond on 21 February 2025, to be consolidated and form a single series of USD 525 million with the same terms and conditions. Proceeds from issuance of bond were used for repayment of existing loans.
- On 2 April 2025, the Company entered into share purchase agreements for the acquisition of 49% of shares in Limak Enerji Üretim Sanayi ve Ticaret A.Ş. ("LEU") with Limak Holding A.Ş., Limak İnşaat Sanayi ve Ticaret A.Ş. and Limsan İnşaat Sanayi ve Ticaret A.Ş. The share transfers to the Company were completed on the same date. LEU was established for the purpose of investing in renewable energy and has preliminary generation licenses for İncir HPP and Pervari HPP.

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