

**Aydem Yenilenebilir Enerji
Anonim Őirketi and Its Subsidiaries**

**Interim Condensed Consolidated Financial Statements
As at and For The Nine - Month Period Ended 30 September 2022**

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position as at 30 September 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Contents

Interim Condensed Consolidated Statement of Financial Position
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
Interim Condensed Consolidated Statement of Changes in Equity
Interim Condensed Consolidated Statement of Cash Flow
Notes to the Interim Condensed Consolidated Financial Statements

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position as at 30 September 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Unaudited	Audited
	Notes	30 September 2022	31 December 2021
ASSETS			
Current Assests			
Cash and Cash Equivalents	3	1,265,390,834	1,525,592,118
Financial Investments	18	100,383,989	2,704,681
Trade Receivables		1,253,534,836	147,835,801
- <i>Due from Related Parties</i>	5	1,123,969,245	127,311,860
- <i>Due from Third Parties</i>	6	129,565,591	20,523,941
Other Receivables		39,906,001	22,946,045
- <i>Due from Related Parties</i>	5	32,095,509	15,530,259
- <i>Due from Third Parties</i>	7	7,810,492	7,415,786
Inventories	8	10,080,697	8,556,333
Prepaid Expenses	16	27,519,857	32,815,063
Current Tax Assets		3,380,704	-
Other Current Assets		200,687	28,417
TOTAL CURRENT ASSETS		2,700,397,605	1,740,478,458
Non-Current Assets			
Other Receivables		3,343,609	2,740,754
- <i>Other Receivables due from Third Parties</i>	7	3,343,609	2,740,754
Property, Plant and Equipments	9,1	21,054,524,852	20,449,461,989
Right of Use Assets	9,2	110,405,522	27,802,539
Intangible Assets	10	292,776,006	298,995,009
Prepaid Expenses		539,900	952,350
Other Non-current Assets		10,954,328	10,925,788
TOTAL NON-CURRENT ASSETS		21,472,544,217	20,790,878,429
TOTAL ASSETS		24,172,941,822	22,531,356,887

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position as at 30 September 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Unaudited	Audited
	Notes	30 September 2022	31 December 2021
LIABILITIES			
Current Liabilities			
Short-term portion of Long-term Financial Liabilities	13	985,607,677	763,819,958
Lease Liabilities	13	6,695,426	4,734,769
Trade Payables		369,615,134	68,147,916
- Due to Related Parties	5	6,295,144	4,124,009
- Due to Third Parties	6	363,319,990	64,023,907
Liabilities for Employee Benefits	12	2,671,916	1,471,629
Other Payables		621,149	491,732
- Due to Third Parties		621,149	491,732
Current Provisions		20,231,598	20,643,094
- Short-term Provisions for Employee Benefits	11	12,119,303	6,506,072
- Other Short-term Provisions	11	8,112,295	14,137,022
Other Current Liabilities	17	59,555,251	17,324,105
TOTAL CURRENT LIABILITIES		1,444,998,151	876,633,203
Non-Current Liabilities			
Financial Liabilities	13	11,989,818,573	9,292,574,451
Lease Liabilities	13	25,452,288	25,143,494
Other Payables		43,288,385	37,092,472
- Due to Related Parties	5	43,288,385	37,092,472
Non-current Provisions		28,857,028	11,543,311
- Long-Term Provisions for Employee Benefits	11,4	28,857,028	11,543,311
Deferred Tax Liabilities		2,259,245,008	2,485,110,016
TOTAL NON-CURRENT LIABILITIES		14,346,661,282	11,851,463,744
TOTAL LIABILITIES		15,791,659,433	12,728,096,947

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position as at 30 September 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Unaudited	Audited
Notes	30 September 2022	31 December 2021
EQUITY		
Paid-in Capital	705,000,000	705,000,000
Share Premium / Discount	91,418,338	91,418,338
Treasury Shares (-)	(47,208,198)	-
Restricted Reserves	48,732,064	1,523,866
Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods	12,829,745,518	13,228,664,194
- <i>Gains on Revaluation of Property, Plant and Equipment</i>	<i>12,838,060,977</i>	<i>13,225,881,526</i>
- <i>Actuarial Gains / (Losses) on Defined Benefit Plans</i>	<i>(8,315,459)</i>	<i>2,782,668</i>
Other Comprehensive Income that may be reclassified to loss or profit in subsequent periods	(5,269,732,066)	(3,000,188,096)
- <i>Reserve of (Losses) Gains on Cash Flow Hedge</i>	<i>(5,269,732,066)</i>	<i>(3,000,188,096)</i>
Accumulated Losses	(882,546,011)	(1,102,866,722)
Net Income / (Loss) for the Period	905,872,744	(120,291,640)
Equity Attributable to Equity Holders of the Parent	8,381,282,389	9,803,259,940
TOTAL EQUITY	8,381,282,389	9,803,259,940
TOTAL EQUITY AND LIABILITIES	24,172,941,822	22,531,356,887

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of profit or loss and other comprehensive
income for the nine-months period ended 30 September 2022

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Unaudited 1 January - 30 September 2022	Unaudited 1 July - 30 September 2022	Unaudited 1 January - 30 September 2021	Unaudited 1 July - 30 September 2021
Loss or Profit Statement					
Revenue	4	3,001,470,038	967,633,778	906,156,962	276,502,838
Cost of Sales (-)		(1,037,778,521)	(331,225,407)	(519,593,729)	(177,851,355)
Gross Profit		1,963,691,517	636,408,371	386,563,233	98,651,483
General Administrative Expenses (-)		(110,080,988)	(38,331,410)	(70,713,577)	(17,544,277)
Other Operating Income		371,665,175	159,604,629	4,874,319	92,686
Other Operating Expenses (-)		(6,485,413)	(1,905,507)	(12,902,992)	(5,383,140)
Operating Profit		2,218,790,291	755,776,083	307,820,983	75,816,752
Gains from Investing Activities		4,951,528	717,414	2,110,586	561,929
Profit Before Net Finance (Expense) / Income		2,223,741,819	756,493,497	309,931,569	76,378,681
Finance Income		549,093,123	255,922,477	108,155,827	35,968,581
Finance Expense (-)		(1,522,126,949)	(760,408,138)	(389,660,493)	(146,576,863)
Net Finance Expense		(973,033,826)	(504,485,661)	(281,504,666)	(110,608,282)
(Loss) / Gain Before Tax		1,250,707,993	252,007,836	28,426,903	(34,229,601)
Tax Expense		(344,835,249)	(79,202,959)	(20,135,673)	(13,455,041)
- Current Tax Expense (-)		-	-	(17,581,616)	(17,581,616)
- Deferred Tax Expense (-)		(344,835,249)	(79,202,959)	(2,554,057)	4,126,575
Net Income for the Period		905,872,744	172,804,877	8,291,230	(47,684,642)
Gain Attributable To:					
Equity Holders of the Parent		905,872,744	172,804,877	8,291,230	(47,684,642)
Gain / (Loss) Earnings per share					
- Gain / (Loss) Earnings per share		1.29	0.25	0.01	(0.07)
Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods		(11,098,127)	(6,860,677)	(227,934)	1,131,484
- Actuarial (Losses)/Gains on Defined Benefit Plans		(14,413,152)	(9,116,339)	(284,918)	1,414,355
- Tax Related to Other Comprehensive Income that will not be reclassified to Loss or Profit		3,315,025	2,255,662	56,984	(282,871)
Other Comprehensive Income that may be reclassified to loss or profit in subsequent periods		(2,269,543,970)	(632,406,981)	(784,580,139)	(97,752,321)
- Reserve of (Losses) Gains on Cash Flow Hedge		(2,836,929,963)	(790,508,727)	(980,725,174)	(122,190,401)
- Tax Related to Other Comprehensive Income that will be reclassified to Loss or Profit		567,385,993	158,101,746	196,145,035	24,438,080
Other Comprehensive Income		(2,280,642,097)	(639,267,658)	(784,808,073)	(96,620,837)
Total Comprehensive Income		(1,374,769,353)	(466,462,781)	(776,516,843)	(144,305,479)

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement changes in equity
for the nine-months period ended 30 September 2022 and 2021

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

					Other comprehensive income that will not be reclassified to (loss) or profit		Other comprehensive income that will be reclassified to (loss) or profit			
	Paid-in capital	Share premium / discount	Treasury shares (-) (*)	Restricted reserves (**)	Gains on revaluation of property, plant and equipment	Actuarial (losses)/ gains on defined benefit plans	Reserve of (losses) gains on cash flow hedge	Accumulated losses	Net income / (loss) for the period	Total equity
Balance as of 1 January 2021	700,000,000	51,319,818	-	1,523,866	6,477,727,452	2,848,729	-	(773,286,902)	(567,280,969)	5,892,851,994
Transfers	-	-	-	-	-	-	-	(567,280,969)	567,280,969	-
Net income / (loss) for the period	-	-	-	-	-	-	-	-	8,291,230	8,291,230
Other comprehensive income / (expense)	-	-	-	-	-	(227,934)	(784,580,139)	-	-	(784,808,073)
Total comprehensive income	-	-	-	-	-	(227,934)	(784,580,139)	-	8,291,230	(776,516,843)
Capital increase (***)	5,000,000	-	-	-	-	-	-	-	-	5,000,000
Share premium / discount (****)	-	40,098,520	-	-	-	-	-	-	-	40,098,520
Depreciation transfers related to revaluation of property, plant and equipment	-	-	-	-	(175,791,133)	-	-	175,791,133	-	-
Balance as of 30 September 2021	705,000,000	91,418,338	-	1,523,866	6,301,936,319	2,620,795	(784,580,139)	(1,164,776,738)	8,291,230	5,161,433,671
Balance as of 1 January 2022	705,000,000	91,418,338	-	1,523,866	13,225,881,526	2,782,668	(3,000,188,096)	(1,102,866,722)	(120,291,640)	9,803,259,940
Transfers	-	-	-	-	-	-	-	(120,291,640)	120,291,640	-
Net income / (loss) for the period	-	-	-	-	-	-	-	-	905,872,744	905,872,744
Other comprehensive income / (expense)	-	-	-	-	-	(11,098,127)	(2,269,543,970)	-	-	(2,280,642,097)
Total comprehensive (expense) / income	-	-	-	-	-	(11,098,127)	(2,269,543,970)	-	905,872,744	(1,374,769,353)
Acquisition of own shares (*) (**)	-	-	(47,208,198)	47,208,198	-	-	-	(47,208,198)	-	(47,208,198)
Depreciation transfers related to revaluation of property, plant and equipment	-	-	-	-	(387,820,549)	-	-	387,820,549	-	-
Balance as of 30 September 2022	705,000,000	91,418,338	(47,208,198)	48,732,064	12,838,060,977	(8,315,459)	(5,269,732,066)	(882,546,011)	905,872,744	8,381,282,389

(*) The Company has planned to make its own share repurchase transactions in order to protect its shareholders, to contribute to the formation of a stable share price in line with its real value, and to preserve the confidence in the Company by considering that the share price did not reflect the actual performance of the Company's activities, in line with the CMB's statements on 14 February 2022, dated 21 July 2016, 25 July 2016 and 23 March 2020. It has been unanimously approved by the Board of Directors and the maximum number of shares that can be repurchased has been determined as 20,000,000 with a nominal value of 20,000,000 TL. The Company Management has evaluated that it will not have any consequences against the Company and the investors and that the use of the Company's existing resources for repurchase will not affect the Company's cash needs. In this context, the fund to be allocated for repurchase has been determined as a maximum of 170,000,000 TL, to be met from the cash generated from the Company's activities and its current resources.

The total amount of purchases provided from the internal resources of the company is 47,208,198 TL corresponding to 5,733,502 shares, and its share in the Company's capital is 0,8133%. The Company has shown TL 47,208,198 in the "Treasury Stocks (-)" account, which was paid related to the repurchase of shares.

(**) In accordance with Article 520 of the Law No. 6102, the Company has set aside a reserve fund for the shares bought back in an amount that meets the acquisition value. Since these reserves are dissolved when the treasury stocks are transferred or canceled, they are shown as "Restricted Reserves".

(***) With the decision of the Board of Directors dated 26 April 2021 and numbered 11, the Company's issued capital increased by TL 5,000,000 in cash and was registered with the Turkish Trade Registry Gazette dated 10 June 2021 and numbered 10346.

(****) 5,000,000 shares of the Company with a nominal value of 1 TL were offered to the public on 29 April 2021 and were sold at TL 9.9 per share. The amount of TL 5,000,000 was used in the capital increase and the remaining portion was recorded in the "Share Premium / (Discounts)" account. Expenses amounting to TL 4,401,480 incurred within the scope of initial public offering was deducted from Share Premium / (Discount) within the scope of IAS 32.

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim consolidated statement of cash flows
for the nine-months period ended 30 September 2022
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Unaudited 1 January - 30 September 2022	Unaudited 1 January - 30 September 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		2,392,955,822	806,277,674
Net income / (loss) for the period		905,872,744	8,291,230
<i>Net income / (loss) for the period adjustment to reconcile</i>		2,358,343,871	722,732,397
Adjustment related to amortization and depreciation	9-10	575,180,155	329,972,512
Adjustment related to provisions		3,538,750	1,742,083
Adjustment related to incomes / (expenses) of interest, net		569,234,991	327,214,573
Adjustment related to Tax income / (expense)		344,835,249	20,135,673
Adjustment related to exchanges differences		870,297,491	47,789,052
Adjustment related to gains of sales of tangible & intangible assets, net		(3,763,107)	(1,135,315)
Other adjustments to reconcile net (loss) / income		(979,658)	(2,986,181)
Change in working capital		(858,448,583)	75,620,577
Adjustment related to increase / (decrease) in restricted accounts		(97,679,308)	-
Adjustment related to increase / (decrease) in trade receivables		(1,105,224,427)	31,970,069
Adjustment related to increase / (decrease) in other receivables		(15,774,065)	56,484,911
Adjustment related to increase / (decrease) in the inventories		(544,706)	274,712
Adjustment related to increase / (decrease) in trade payables		299,296,083	(16,472,938)
Adjustment related to increase / (decrease) in other payables		60,277,553	1,848,932
Adjustment related to increase / (decrease) in liabilities for employee benefits		1,200,287	1,514,891
Taxes paid		(11,721,077)	-
Employee termination benefit paid	11.4	(1,091,133)	(366,530)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(971,080,878)	(136,341,812)
Interest received		192,075,288	4,343,902
Inflow related to sales of tangible and intangible assets	9	5,038,654	2,182,640
Outflow related to purchase of tangible and intangible assets	9-10	(1,168,194,820)	(78,048,354)
Outflow related to payment of debts to the privatization administration		-	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		(1,682,076,228)	289,403,198
Cash inflow related to proceeds from borrowings	13	-	6,207,944,950
Cash outflow related to repayment of borrowings	13	(656,200,016)	(5,707,089,212)
Cash outflow related to lease liabilities	13	(92,335,024)	(7,488,090)
Other cash inflow / (outflow)		2,171,135	(8,080,612)
Cash outflows for the acquisition of own shares		(47,208,198)	40,098,520
Capital increase		-	5,000,000
Interest paid	13	(888,504,125)	(240,982,358)
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS (A+B+C)		(260,201,284)	959,339,060
D. CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD		1,525,592,118	145,525,078
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)		1,265,390,834	1,104,864,138

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

1. Organization and nature of operations of the Group

Aydem Yenilenebilir Enerji Anonim Şirketi (“Aydem Yenilenebilir” or “the Company”) was established on 6 July 1995 as Bereket Enerji Üretim Otoprodüktör Grubu Sanayi ve Ticaret Anonim Şirketi. The Company first changed its corporate name to Bereket Enerji Üretim Anonim Şirketi on 21 May 2004 and then on 27 December 2019, the Company changed again its corporate name to Aydem Yenilenebilir Enerji Anonim Şirketi. In 2019, the Company has been restructured in a way that it operates solely in renewable energy generation business. In relation to the restructuring process, Aydem Yenilenebilir has merged with all of its subsidiaries which are operating in renewable energy generation business and disposed the non-relevant operations and subsidiaries and became a pure renewable energy generation Company. The Company has started to be traded on Borsa Istanbul as of 29 April 2021.

In these consolidated financial statements, Aydem Yenilenebilir, its subsidiaries and its associate are referred to together as “the Group”.

Aydem Yenilenebilir generates electricity from local renewable sources. The Group installed its first hydroelectric power plant (“HPP”) on the Bereket Çayı stream and continues to generate electricity with hydro, wind (“WPP”), solar power plant (“SOLAR”) and geothermal (“GPP”) in different regions of the country.

The address of the registered office of the Group is as follows:

Adalet Mah. Hasan Gönüllü Bulvarı No:15/1 Merkezefendi, Denizli.

As of 30 September 2022 and 31 December 2021, the Group's subsidiaries (“subsidiaries”) and their main business activities are as follows:

Subsidiaries	Location	Main Activities	Ownership Percentage	
			30 September 2022	31 December 2021
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. (“Ey-tur”) /HPP	Kağızman/Kars	Electricity generation by hydropower	100%	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. (“Başat”) / HPP	Üzümlü/Erzincan	Electricity generation by hydropower	100%	100%
Sarı Perakende Enerji Satış ve Ticaret A.Ş. (“Sarı Perakende”)	İzmir	Trading of electricity	100%	100%
Akköprü Yenilenebilir Enerji A.Ş. (“Akköprü HPP”) (*)	Muğla	Electricity generation by hydropower	100%	100%

(*) Akköprü HPP was established on 15 October 2021. The Group was awarded the Akköprü HPP with a capacity of 115 MWh in the tender held by The Republic of Turkey Prime Ministry Privatization administration on 23 September 2021. However, the tender was cancelled on 19 January 2022 with the President's Decision and this decision was notified to Company on 24 January 2022.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

1. Organization and nature of operations of the Group (continued)

As of 30 September 2022 and 31 December 2021, the number of employees of the Company and its subsidiaries and its associate are as shown in the table below:

The Company and its subsidiaries	30 September 2022	31 December 2021
Aydem Yenilenebilir	539	537
Sarı Perakende	-	-
Ey-Tur	-	-
Başat	-	-
Akköprü	-	-
Total	539	537

Laws / regulations affecting the business activities

The Group is subject to the regulations and communiques issued by the Energy Market (EMRA) and obliged to carry out electricity generation and sales activities in accordance with the Electricity Market Law No.6446 dated 14 March 2013.

List of Shareholders

As of 30 September 2022 and 31 December 2021, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

Shareholders	30 September 2022		31 December 2021	
	TL	%	TL	%
Aydem Enerji Yatırımları A.Ş.	574,975,680	81.56%	574,975,010	81.56%
Publicly traded	130,000,000	18.44%	130,000,000	18.44%
Others	24,320	0.00%	24,990	0.00%
Total	705,000,000	100%	705,000,000	100%

The Company's shared rate is 15.76%. As of 30 September 2022, the company has buyback shares 47,208,198 TL.

Aydem Enerji Yatırımları A.Ş. is controlled by Aydem Holding A.Ş.

The company has taken the Board of Directors decision dated August 4, 2020 and numbered 2020/29. The issued capital of the Company, which was TL 700,000,000 within the registered capital ceiling of TL 2,000,000,000. The company has been decided to be increased by TL 5,000,000 to TL 705,000,000. The Company has decided to issue 5,000,000 shares with a nominal value of 5,000,000 TL as Group B shares and to offer the said shares to the public. As of April 29, 2021, the company started to be traded on Borsa Istanbul - Yıldız Market.

Approval of consolidated financial statements:

Consolidated financial statements prepared as of 30 September 2022 were approved for publication by the Board of Directors on 7 November 2022. The General Assembly have the right to amend the consolidated financial statements.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements

2.1 Basic principles of presentation

The accompanying interim condensed consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The interim condensed consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group preferred to present its interim condensed consolidated financial statements as of 30 September 2022. The Group’s interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2021 year-end financial statements.

2.2 Functional and presentation currency

The Group has presented its consolidated financial statements in TL, which is the functional currency of the Company and its subsidiaries as well as its associate.

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 recognised in the statement of profit or loss.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of Consolidation

Consolidated financial statements include the financial statements of the company and its subsidiaries as of 30 September 2022. Subsidiaries are companies over which the Group has direct or indirect control over their operations. Control is provided if the Group meets the following conditions:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of Consolidation (continued)

(i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of TFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with TFRS 9. Other contingent consideration that is not within the scope of TFRS 9 is measured at fair value at each reporting.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. 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.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of consolidation (continued)

iii) Associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Associates are accounted for equity method in the consolidated financial statements. Under equity method, investment in an associate is initially recognised at cost. After initial recognition, Group’s share of the profit or loss of the investee, is recorded to the financial statements by increasing or decreasing the net book value. Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the statement of profit or loss within operating profit when the associate’s main course of business is renewable energy generation and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within ‘Share of profit of an associate’ in the statement of profit or loss.

iv) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree’s identifiable net assets, which are generally at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of consolidation (continued)

v) Partial share purchase and sale transactions with non-controlling interests

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

vi) Acquisition of companies under common control

For the accounting of business combinations under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with carrying values of historical TFRS financial statements which were prepared for the purpose of consolidation of the ultimate parents’ consolidated financial statements. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as “Share Premium / Discount”.

vii) Eliminations

During the preparation of the consolidated financial statements, unrealized gains and losses arising from intra-group transactions transactions between entities included in the consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

viii) Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.4 Going Concern

The consolidated financial statements have been prepared in accordance with the going concern principle.

2.5 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of September 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Annual Improvements – 2018–2020 Cycle

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.5 The new standards, amendments and interpretations (continued)

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

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

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

These changes did not have an impact on the financial position and performance of the Group.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to existing IFRS 16 are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, the amendments are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

The Group will not have an impact on the financial position or performance of the the Group.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2.6 Summary of significant accounting policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- i. has control or joint control over the reporting entity,
 - ii. has significant influence over the reporting entity,
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (continued)

Property, plant and equipment

Accounting and measurement

The Group, has adopted the revaluation method in accordance with TAS 16 for its entire power plants. Power plants are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Other tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is also stated at cost, net of accumulated impairment losses, if any.

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipment consisting of the power plant as of 31 December 2021 and performed a detailed impairment analysis as of 30 September 2022. The Renewable Energy Group consist of power plants below:

- Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Uşak WPP, Yalova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, Mentaş HPP, Toros HPP, Gökteaş I-II HPP, Aksu HPP and Akıncı HPP.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method over property, plant and equipment. Land is not depreciated on the basis that it has an indefinite life. Purchase costs are accounted by separating the land and building components in the purchases of buildings, including land.

The estimated useful lives of the significant property, plant and equipment as of 30 September 2022 are as follows:

	<u>Years</u>
Power plants	20-49

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Repair and maintenance costs are recognised in profit or loss as incurred.

A class of power plant is a grouping of assets of a similar nature and used in an entity’s operations and contains land, buildings, machinery and equipment, furniture and fixtures.

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

Intangible assets

Accounting and measurement

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise rights to operate licences and computer software.

Right to Operate Licences

The Adıgüzel HPP and Kemer HPP operating licences which has been obtained through Transfer of Operating Rights Agreement (“Agreement”) with the Privatization Administration and the Electricity Generation Corporation (“EÜAŞ”) are accounted as intangible assets.

Computer Software

Computer software are recognized at acquisition cost and amortized on a straight line basis over their estimated useful lives of 3-15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Subsequent costs

Subsequent costs are capitalized only if they have an impact that increases the future economic benefits of the intangible assets to which they relate. All other expenditures are recognized in profit or loss when incurred.

Amortization

Intangible assets are recognized in profit or loss on a straight-line basis over their estimated useful lives starting from the date they are ready for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and, where appropriate, adjusted.

The estimated useful lives in the current periods are as follows:

	<u>Years</u>
Right to Operate Licences	12-49
Computer Software	3-15

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

Financial liabilities

Non-derivative financial liabilities of the Group comprised of “borrowings”, “trade payables” and “other payables” in the statement of financial position

i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period 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 prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

ii. Borrowing costs

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

iii. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.7 Cash flow hedge transactions

For a hedge of foreign currency risk, the foreign currency component of a non-derivative financial asset or liability may be designated, as a hedging instrument. The foreign currency risk component of a non-derivative financial instrument is determined in accordance with TAS 21.

Accordingly, starting from 20 March 2021, the Company hedge the spot risk of highly probable forecast sales that are denominated in USD with its financial liability in the same foreign currency.

While the Company’s functional currency is TRY, the company is exposed to FX risks due to its finances and operations. AYDEM has outstanding USD debt due to power plant investments. The company also experiences significant sales revenue in USD.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.7 Cash flow hedge transactions (continued)

The source of USD denominated revenue is sales of electricity generated via renewable power plants. Such production is incentivized in Turkey through a feed-in tariff mechanism (Council of Ministers Decree No. 2013/5625). The kWh sale price of generated electricity is guaranteed in USD prices, whereas the amount of future renewable generation remains uncertain and depends on climate conditions and/or operational risks. The feed-in tariff (“FIT”) revenues are calculated on a daily basis, and are aggregated at monthly intervals. This enables the Company to classify expected future revenues as a monthly stream of forecasted USD cash inflows for risk management purposes.

The Company’s foreign currency risk management objective is to rely on natural currency hedges due to operations. It achieves this feat by aligning its forecasted USD inflows and its USD loan/bond payments. Moreover, the forecasted USD inflows vs scheduled USD loan repayments constitute a hedged portfolio that allows a Cash Flow Hedge Accounting relationship to reduce the Company’s income statement volatility. In particular, the Company associates its forecasted future USD cash inflows due to renewable-generated electricity sales, with its outstanding USD loans. The Company is implementing Hedge Accounting under TFRS 9 to reflect its economic hedges onto financial reporting:

Hedge Accounting Component	Definition
Hedged Item	Forecasted future USD cash inflows due to FIT incentive
Hedging Instrument	USD denominated loans
Hedged Risk	Foreign exchange risk of forecasted future USD cash inflows due to FIT incentive

As of 30 September 2022, the amount of forecasted revenue under FIT and bilateral agreements are USD 646,831,030 whereas the total notional of the outstanding USD denominated loans is USD 710,813,000. The Group designates USD 610,813,000 of this amount as part of its rebalanced hedge accounting relationship, per TFRS 9 6.2.4 (c). Due to under-hedged nature of the hedged-item, the Company achieves 1:1 hedge ratio with the hedging instrument at all times by way of re-balancing, in line with TFRS 9.6.4.1.c.iii.

The maturity breakdown of the designated layer of the hedging instrument notional as of 30 September 2022 is provided below;

Payment Date	Principal Payment Amount
February 2025	61,081,300
August 2025	61,081,300
February 2026	61,081,300
August 2026	61,081,300
February 2027	366,487,800
Total	610,813,000

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.7 Cash flow hedge transactions (continued)

The accounting treatment applied with respect to the cash flow hedge is as follows:

- The portion of the foreign exchange gain or loss of the hedging instrument (USD denominated loans) that is determined to be an effective hedge is recognised in other comprehensive income (“OCI”), until the accompanying hedged item (forecasted USD cash inflows) occurs
- Any ineffective portion of the hedge is recognized each reporting period in consolidated statement of profit or loss as “Finance Expenses – Foreign Exchange losses”,
- The hedged item, revenue, is recognised in accordance with TFRS 15 and the settlement of the hedging instrument is realised through the repayments of the loan.
- Gains and losses deferred in OCI, remain in OCI until the cash flows associated with the hedged item occur, At the time when a forecast sale occurs, the respective amount of foreign exchange gain/loss is reclassified from OCI to profit or loss (within financial expense – “Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)”) as a reclassification adjustment in the same periods during which the hedged expected forecasted sales affect profit or loss,
- If the cash flows are not expected to occur, then the corresponding ‘previously effective’ foreign exchange gain/loss in OCI are recycled immediately to consolidated statement of profit or loss as “Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)”,

As of 30 September 2022, the hedge relationship has been measured as %99.23 effective, Accordingly, the foreign exchange losses incurred between 1 January 2022 and 30 September 2022 amounting to TL 2,836,929,963 has been treated as follows:

Foreign Exchange Loss relating to USD Loans	1 January – 30 September 2022
Recognized in OCI	TL 3,006,138,793
Recognized in profit or loss (ineffective portion)	(TL 46,888,829)
The amount reclassified from OCI to profit or loss as Finance expenses – Foreign Exchange losses transferred from equity (cash flow hedge)	(TL 122,320,001)

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.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements:

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Note 5 – Trade receivables
- Note 9 – Property, plant and equipment
- Note 11 – Provisions

2.9 Revenue

The operations of the Group entities are regulated under Electricity Market Law No. 6446, the Regulation on Electricity Market License of EMRA, the Electricity Market Balancing and Settlement Regulation (“BSR”) and other related legislative provisions.

Electricity sales is recognised as revenue at the time of electricity delivery, on an accrual basis. In the case of revenue from feed-in-tariff (“FIT”), sale of electricity is recorded based upon output delivered at rates specified under FIT. In the case of revenue from other than FIT, sale of electricity is again recorded based upon output delivered but at market rates.

The Company has defined the sale of electricity as a performance obligation. Since the billed amounts reasonably represent the value to customers of the performance obligations fulfilled to date, the identified performance obligations were evaluated and determined to be fulfilled over time and eligible for billing. The transaction price is based on the actual price per mega-watt output. Sales subject to Renewable Energy Resources Support Mechanism (“FIT”) are invoiced at the end of the month and collections are made on the 25th day of the following month. Other invoices are issued monthly and payment is usually in advance.

The company, related parties Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") and Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") sells electricity to companies within the scope of bilateral agreements. Bilateral agreements are commercial agreements made between real or legal persons, subject to the provisions of private law, regarding the purchase and sale of electrical energy or capacity and not subject to the approval of the Energy Market Regulatory Board. In bilateral agreements, conditions related to the supply of electrical energy such as unit price, price commitment, security fee conditions, contract duration are determined and signed.

2.10 Seasonal changes in operations

The Group's activities are not subject to seasonal fluctuations.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of consolidated financial statements (continued)

2.11 Adjustment of financial statements during periods of high inflation

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

3 Cash and Cash Equivalents

	30 September 2022	31 December 2021
Cash	14,779	-
Cash at banks	1,265,299,046	1,525,592,118
- Demand deposits	64,337,300	75,775,023
- Time deposits	1,200,961,746	1,449,817,095
Other cash and cash equivalents	77,009	-
	1,265,390,834	1,525,592,118

As of 30 September 2022, the interest rate of the Group’s term TL denominated time deposits amounting is between 12.3% to 17.5% (31 December 2021: between 12% to 15.41%); US Dollars denominated time deposits amounting interest rate is between 0.10% to 1.80% (31 December 2021: between 0.10% to 1.80%). Euro denominated time deposits amounting interest rate is between 0.01% to 2% (31 December 2021: None).

4 Segment reporting

4.1 Statement of financial position

Financial information is provided on a power plant-by-power plant basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided to the members of the executive management includes results or operation, valuation gains and losses on power plants, assets and liabilities of each power plant. The individual properties are also monitored based on type of power plants such as Hydro, Wind, Geothermal and BIO. The Group management considers that it is appropriate to report the segments based on this aggregation, to monitor the financial performance.

Group management assesses segment performance over earnings before interest, tax, depreciation and amortization (“EBITDA”). EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

The accounting policies adopted by each of the reportable segments are consistent with TFRS’ used in preparation of consolidated financial statements of the Group. The detailed information regarding the reporting segments of Group is presented below:

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

4 Segment reporting (continued)

4.1 Statement of financial position (continued)

30 September 2022	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment assets	17,661,103,958	3,070,933,014	6,263,655	-	4,851,539	3,429,789,656	24,172,941,822
Segment liabilities	12,330,260,852	910,489,165	1,049,065	-	17,631	2,549,842,720	15,791,659,433
31 December 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment assets	18,077,351,085	2,251,001,000	11,730,000	1,457,794	4,964,905	2,184,852,103	22,531,356,887
Segment liabilities	10,771,953,787	796,104,590	1,276,214	11,747,578	13,293	1,147,001,485	12,728,096,947

Segment assets are composed of its power plants and segment liabilities are composed of its financial liabilities and deferred tax liabilities related to power plants.

(*) Includes assets and liabilities of Sari Perakende whose main business activity is trading of electricity.

(**) Includes assets and liabilities which are not attributable to a reportable segment such as cash, trade receivables, other assets, trade payables, other liabilities, tax assets and liabilities, etc.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

4 Segment reporting (continued)

4.2 Statement of profit or loss

1 January - 30 September 2022	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated (*)	Consolidated
Revenues	2,436,583,548	552,230,014	7,009,779	1,263,115	2,997,086,456	4,383,582	3,001,470,038
- Revenues from Feed in Tariff (FIT)	1,818,005,994	552,230,014	-	1,263,115	2,371,499,123	-	2,371,499,123
- Other than FIT (*)	618,577,554	-	7,009,778	-	625,587,332	4,383,582	629,970,914
Cost of Sales (-)	(732,313,800)	(296,348,931)	(13,429,644)	(1,353,549)	(1,043,445,924)	5,667,403	(1,037,778,521)
Operational Expenses (-) (including Other expense and income)	289,513,528	64,215,557	814,405	124,712	354,668,202	(99,569,428)	255,098,774
Earnings Before Interest and Taxes (EBIT)	1,993,783,276	320,096,640	(5,605,460)	34,278	2,308,308,734	(89,518,443)	2,218,790,291
Add-back, Depreciation & Amortization Expenses (-)	429,136,128	128,876,121	6,517,575	60,700	564,590,524	10,589,631	575,180,155
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	2,422,919,404	448,972,761	912,115	94,978	2,872,899,258	(78,928,812)	2,793,970,446
Gains from Investing Activities	-	-	-	-	-	4,951,528	4,951,528
Finance Income	-	-	-	-	-	549,093,123	549,093,123
Finance Expense (-)	-	-	-	-	-	(1,522,126,949)	(1,522,126,949)
Tax (Expense) / Income	-	-	-	-	-	(344,835,249)	(344,835,249)
Depreciation & Amortization Expenses (-)	(429,136,128)	(128,876,121)	(6,517,575)	(60,700)	(564,590,524)	(10,589,631)	(575,180,155)
Net Profit for the Year							905,872,744

(*) Includes head office costs and expenses which is not attributable to a reportable segment. Operational expenses mainly consist of personnel expenses. Most of operational income is composed of foreign exchange income related to trading activities.

(**) EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

4 Segment reporting (continued)

4.2 Statement of profit or loss (continued)

1 January - 30 September 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated (*)	Consolidated
Revenues	643,189,223	234,724,868	4,751,723	1,270,156	883,935,970	22,220,992	906,156,962
- Revenues from feed in tariff (FIT)	517,635,922	234,724,868	-	1,270,156	753,630,946	-	753,630,946
- Other than FIT (*)	125,553,301	-	4,751,723	-	130,305,024	22,220,992	152,526,016
Cost of sales (-)	(394,892,640)	(133,429,503)	(8,349,028)	(1,863,143)	(538,534,314)	18,940,585	(519,593,729)
Operational expenses (-) (including other expense and income)	(2,563,206)	(571,596)	(57,967)	(109,539)	(3,302,308)	(75,439,942)	(78,742,250)
Earnings before interest and taxes (EBIT)	245,733,377	100,723,769	(3,655,272)	(702,526)	342,099,348	(34,278,365)	307,820,983
Add-back, depreciation & amortization expenses (-)	252,455,788	68,458,554	4,344,831	582,798	325,841,971	4,130,541	329,972,512
Earnings before interest, taxes, depreciation and amortization (EBITDA) (**)	498,189,165	169,182,323	689,559	(119,728)	667,941,319	(30,147,824)	637,793,495
Gains from investing activities	-	-	-	-	-	2,110,586	2,110,586
Finance income	-	-	-	-	-	108,155,827	108,155,827
Finance expense (-)	-	-	-	-	-	(389,660,493)	(389,660,493)
Tax income / (expense)	-	-	-	-	-	(20,135,673)	(20,135,673)
Depreciation & amortization expenses (-)	(252,455,788)	(68,458,554)	(4,344,831)	(582,798)	(325,841,971)	(4,130,541)	(329,972,512)
Net profit for the year							8,291,230

(*) Revenues mainly consist of carbon emission trade amounting to TL 18,726,805 (Emission trade is a mechanism that provides economic incentives to reduce the emissions of greenhouse gases that cause global warming). Operational expenses mainly consist of personnel expenses.

(**) EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

5 Related party disclosures

Aydem Holding A.Ş. (“Aydem Holding”) is the ultimate parent company and controlling party of the Group.

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note.

- (1) Ultimate parent and its subsidiaries
- (2) Other companies controlled by the shareholders of Aydem Holding and other key persons.

Since the transactions between the Group and its subsidiaries, which are related parties of the Group, are eliminated during consolidation, they are not disclosed in this note.

The shareholders, key management personnel and members of the Board of Directors, their families and partners and entities controlled by the ultimate shareholders are considered and referred to as related parties in the consolidated financial statements. The Group companies have carried out various transactions with related parties during their operations.

Trade receivables from related parties generally arise from sale of electricity. Trade payables to related parties generally arise from the electricity purchases. The company, related parties Gediz Elektrik Perakende A.Ş. (“Gediz EPSAŞ”) and Aydem Elektrik Perakende A.Ş. (“Aydem EPSAŞ”) sells electricity to companies within the scope of bilateral agreements. Bilateral agreements are commercial agreements made between real or legal persons, subject to the provisions of private law, regarding the purchase and sale of electrical energy or capacity and not subject to the approval of the Energy Market Regulatory Board. In bilateral agreements, conditions related to the supply of electrical energy such as unit price, price commitment, security fee conditions, contract duration are determined and signed.

Other receivables from related parties mainly arise from investment transactions. At the end of each quarter period for other receivables and payables interest is accrued using market interest rates, which are determined using the Group external cost of borrowing.

5.1 Related party balances

As of 30 September 2022 and 31 December 2021, short-term trade receivables due from related parties are as follows:

	30 September 2022	31 December 2021
Aydem Elektrik Perakende A.Ş. (“Aydem EPSAŞ”) (1) (**)	927,730,190	10,227,070
Gediz Elektrik Perakende A.Ş. (“Gediz EPSAŞ”) (1) (*)	196,089,434	116,683,426
Other	149,621	401,364
	1,123,969,245	127,311,860

(*) Consists of receivables related to electricity trade. The company collected 65,000,000 TL from Gediz EPSAŞ in subsequent period.

(**) Consists of receivables related to electricity trade. The company collected 347,872,293 TL from Aydem EPSAŞ in subsequent period.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

5 Related party disclosures (continued)

5.1 Related party balances (continued)

As of 30 September 2022 and 31 December 2021, short-term other receivables due from related parties are as follows:

	30 September 2022	31 December 2021
Aydem Holding A.Ş. ("Aydem Holding") (1) (***)	32,084,316	15,530,259
Aydem Enerji Yatırımları A.Ş. ("Holdco") (1)	11,193	-
	32,095,509	15,530,259

(***) It consists of receivables related to the sale of 50% shares belonging to Yalova Karacabey.

As of 30 September 2022 and 31 December 2021, short-term trade payables due to related parties are as follows:

	30 September 2022	31 December 2021
Aydem Holding (1) (****)	3,382,121	3,004,715
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	2,490,062	647,430
Adm EDAŞ (1)	243,710	240,369
YF Operasyonel Kiralama A.Ş. ("YF") (2)	172,197	137,806
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla") (1)	-	78,869
Other	7,054	14,820
	6,295,144	4,124,009

(****) Consists of personnel services and management fees.

As of 30 September 2021 and 31 December 2021 long-term other payables to related parties are as follows:

	30 September 2022	31 December 2021
Aydem EPSAŞ (1) (*****)	43,288,385	37,092,472
	43,288,385	37,092,472

(***** Consist of Acquisition of Düzce WPP through under common control business transaction. The payment term is 27 June 2029 according to agreement signed between the Aydem Yenilenebilir and Aydem EPSAŞ.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

5 Related party disclosures (continued)

5.2 Related party transactions

For the year ended 30 September 2022 and 2021, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January - 30 September 2022	1 January - 30 September 2021
Gediz EPSAŞ (1) (*)	1,873,480,541	13,170
Aydem EPSAŞ (1) (**)	1,609,927,035	11,670,769
Adm EDAŞ (1)	4,208,558	183,234
Parla (1)	604,981	108,741
Other	682,374	731,326
	3,488,903,489	12,707,240

(*) Consist of electricity sales within the bilateral agreements.

(**) Consists of electricity sales invoices within bilateral contract and group savings income.

In the period ending on 30 September 2022, since the price in the spot electricity market was higher than the sales price of FIT electricity, a completion payment was made to Enerji Piyasaları İşletme A.Ş. (“EPIAŞ”) equal to the difference. The difference between revenue and electricity sales is due to this payment.

Purchase of Electricity and Services	1 January - 30 September 2022	1 January - 30 September 2021
Aydem EPSAŞ (1) (*)	24,369,607	15,316,049
Aydem Holding (1) (**)	30,671,834	19,902,107
GDZ Enerji (1) (***)	7,798,889	2,362,531
Adm EDAŞ (1) (****)	4,740,105	2,074,820
Yeni Filo A.Ş.(2)	571,453	519,534
Parla (1)	-	3,420,607
Entek (2)	-	993,713
Holdco (1)	-	755,405
Other	106,962	32,963
	68,258,849	45,377,729

(*) Consists of imbalance expense and administrative electricity bills. The imbalance expense is TL 23,558,604.

(**) This amount consists of the common cost deduction reflected by Aydem Holding. It consists of personnel service and administrative service expense.

(***) Consists of vehicle rent expense invoices, common management service, “Enerjim Tamam” programme service and IT reflection invoices.

(****) Consists of system usage fee invoices.

Finance Income	1 January - 30 September 2022	1 January - 30 September 2021
Gediz EPSAŞ (1) (*)	294,730,847	1,171
Aydem EPSAŞ (1) (*)	89,014,242	-
Aydem Holding (1)	2,122,261	5,707,027
Parla Solar Hücre ve Panel Üretim A.Ş. (“Parla Solar”) (1) (*)	688,701	1,039
Other	45,483	22,487
	386,601,534	5,731,724

(*) Consists of the income of exchange rate differences on trade receivables.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

5 Related party disclosures (continued)

5.2 Related party transactions (continued)

Finance Expenses	1 January - 30 September 2022	1 January - 30 September 2021
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	10,593	-
Çates Elektrik Üretim A.Ş. ("Çates") (1)	180	107
Aydem Holding (1)	-	114,142
Other	328	18,787
	11,101	133,036

The executive management of the Group is comprised of general manager and directors. For the period ended 30 September 2022 and 2021, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Benefits to key management personnel	7,170,317	6,532,991
	7,170,317	6,532,991

6 Trade receivables and payables

Short term trade receivables

As of 30 September 2022 and 31 December 2021, the Group's short-term trade receivables are as follows:

	30 September 2022	31 December 2021
Trade receivables due from related parties (Note 5)	1,123,969,245	127,311,860
Trade receivables due from third parties	135,934,893	26,934,695
	1,259,904,138	154,246,555
Less: Allowances for doubtful trade receivables	(6,369,302)	(6,410,754)
	1,253,534,836	147,835,801

As of 30 September 2022 and 31 December 2021, short-term trade receivables consist of the following items:

	30 September 2022	31 December 2021
Trade receivables related to electricity sales (*)	1,239,481,847	133,771,113
Income accruals related to electricity sales (**)	14,052,989	14,064,688
Doubtful trade receivables	6,369,302	6,410,754
Allowances for doubtful trade receivables (-)	(6,369,302)	(6,410,754)
	1,253,534,836	147,835,801

(*) Consist of electricity sales and ancillary income within the bilateral agreements.

(**) It consists of the Company's unbilled receivables arising from the electricity sales.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

6 Trade receivables and payables (continued)

Short term trade receivables (continued)

The movement of provisions for doubtful receivables for the period ended 30 September 2022 and 30 September 2021 are as follows:

Provisions for Doubtful Trade Receivable	2022	2021
Opening Balance (1 January)	6,410,754	4,776,282
Current provision	31,194	77,809
Provisions no longer required	(72,646)	(16,684)
Closing balance (30 September)	6,369,302	4,837,407

Short term trade payables

As of 30 September 2022 and 31 December 2021, the Group's short-term trade payables are as follows:

	30 September 2022	31 December 2021
Trade payables due from related parties (Note 5)	6,295,144	4,124,009
Trade payables from third parties	363,319,990	64,023,907
	369,615,134	68,147,916

As of 30 September 2022 and 31 December 2021, short-term trade payables from third parties consist of the following items:

	30 September 2022	31 December 2021
Trade payables	115,348,461	54,690,827
Expense accruals	247,963,238	9,329,223
Other trade payables	8,291	3,857
	363,319,990	64,023,907

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

7 Other receivables and payables

Other short-term receivables

As of 30 September 2022 and 31 December 2021, the Group's short-term other receivables are as follows:

	30 September 2022	31 December 2021
Other receivables due from related parties (Note 5)	32,095,509	15,530,259
Other receivables due from third parties	7,810,492	7,415,786
	39,906,001	22,946,045

As of 30 September 2022 and 31 December 2021, short-term other receivables from third parties consist of the following items:

	30 September 2022	31 December 2021
Receivables from tax administration	7,107,609	6,513,821
Deposits & guarantees given	702,883	717,904
Other receivables	-	184,061
	7,810,492	7,415,786

8 Inventories

As of 30 September 2022 and 31 December 2021, inventories are composed of spare parts for property, plant and equipment:

	30 September 2022	31 December 2021
Spare parts (*)	10,080,697	8,556,333
	10,080,697	8,556,333

(*) Inventories consist of spare parts used in the maintenance of power plants.

As of 30 September 2022, there is no insurance coverage on the Group's inventories (31 December 2021: None).

As of 30 September 2022, there are no inventories presented as collateral for liabilities (31 December 2021: None).

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

9 Property, plant and equipment and right of use assets

9.1 Property, plant and equipment

The ending 30 September 2022 and 30 September 2021, movements of property, plant and equipment are as follows:

	Land	Power plants(*)	Construction in progress (**)	Advances given for construction in progress (***)	Other	Total
Cost or Valuation as of 1 January 2022	13,023,687	27,629,016,119	214,362,885	160,945,092	28,667,515	28,046,015,298
Additions	30,000	446,478,449	10,924,006	707,529,480	2,474,951	1,167,436,886
Disposals	-	(1,494,009)	(102,080)	-	(411,469)	(2,007,558)
Transfers	-	515,696,203	141,344,128	(657,040,331)	-	--
Cost or Valuation as of 30 September 2022	13,053,687	28,589,696,762	366,528,939	211,434,241	30,730,997	29,211,444,626
Accumulated Depreciation as of 1 January 2022	-	(7,580,743,992)	-	-	(15,809,317)	(7,596,553,309)
Additions	-	(559,629,810)	-	-	(1,468,666)	(561,098,476)
Disposals	-	672,296	-	-	59,715	732,011
Accumulated Depreciation as of 30 September 2022	-	(8,139,701,506)	-	-	(17,218,268)	(8,156,919,774)
Net book value as of 30 September 2022	13,053,687	20,449,995,256	366,528,939	211,434,241	13,512,729	21,054,524,852

	Land	Power plants(*)	Construction in progress (**)	Advances given for construction in progress (***)	Other	Total
Cost or Valuation as of 1 January 2021	12,983,687	15,095,201,257	123,107,545	-	24,629,419	15,255,921,908
Additions	40,000	75,249,102	185,528	-	3,514,120	78,988,750
Disposals	-	(1,975,458)	-	-	(328,929)	(2,304,387)
Transfers	-	-	(589,613)	-	575,619	(13,994)
Cost or Valuation as of 30 September 2021	13,023,687	15,168,474,901	122,703,460	-	28,390,229	15,332,592,277
Accumulated Depreciation as of 1 January 2021	-	(3,430,267,259)	-	-	(13,095,275)	(3,443,362,534)
Additions	-	(320,881,257)	-	-	(2,527,456)	(323,408,713)
Disposals	-	967,445	-	-	289,617	1,257,062
Accumulated Depreciation as of 30 September 2021	-	(3,750,181,071)	-	-	(15,333,114)	(3,765,514,185)
Net book value as of 30 September 2021	13,023,687	11,418,293,830	122,703,460	-	13,057,115	11,567,078,092

(*) It consists of hybrid project investments and rehabilitation investments.

(**) Mainly consists of raw material purchases for hybrid projects.

(***) Consists of advances given to suppliers for hybrid and increase of capacity investments.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

9 Property, plant and equipment and right of use assets (continued)

9.1 Property, plant and equipment (continued)

As of 30 September 2022, there are pledges and mortgages on property, plant and equipment of the Group amounting to USD 1,248,750,000 in original currencies (31 December 2021: USD 1,248,750,000 in original currencies) in favor of lenders.

Total depreciation expense of property, plant and equipment amounting to TL 559,629,810 (30 September 2021: TL 320,881,257) has been reflected to cost of sales and amounting to TL 1,468,666 (30 September 2021: TL 2,527,456) has been reflected to general administration expense.

The Group determined that the power plants constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property and as also mentioned in Note 2, elected to use revaluation method for such assets.

9.2 Right of uses

The Group has lease contracts for various items of plant, machinery, vehicles, land right of use and other equipment used in its operations.

As of 30 September 2022, movements in right of use assets during the period are as follows:

Cost as of 1 January 2022	35,251,135
Additions	89,802,724
Cost as of 30 September 2022	125,053,859
Accumulated depreciation as of 1 January 2022	(7,448,596)
Additions	(7,199,741)
Accumulated depreciation as of 30 September 2022	(14,648,337)
Net book value as of 30 September 2022	110,405,522

As of 30 September 2021, movements in right of use assets during the period are as follows:

Cost as of 1 January 2021	21,244,253
Disposals	2,048,832
Cost as of 30 September 2021	23,293,085
Accumulated depreciation as of 1 January 2021	(8,551,882)
Additions	(442,033)
Accumulated depreciation as of 30 September 2021	(8,993,915)
Net book value as of 30 September 2021	14,299,170

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

10. Intangible assets

As of 5 May 2017, the Company has signed a Transfer of Operating Rights Agreement (“Agreement”) with the Privatization Administration and the Electricity Generation Corporation (“EÜAŞ”) for Adıgüzel and Kemer Hydroelectric Plants. According to the agreement, the Company obtained the operating rights of the plants for 49 years and is responsible for the transfer of EÜAŞ at the end of the period in a complete and a functional state. During the contract period, the Company has to carry out all the maintenance, repairs and improvements which are necessary to ensure the convenience and efficiency of the plants for the generation activity, at their own expense. The Company is responsible for any damages and losses that may occur in the generation facilities in general referred as “Power Plants”. During the contact period; the Company has to perform all kinds of additional facilities, the investment for rehabilitation and development in accordance with the legislation, and will obtain the approval of EÜAŞ during the works and procedures to be carried out within this framework. In addition, the company must obtain approval from EÜAŞ in case it wants to make investments and transactions for capacity changes.

As of the transfer date, it is EÜAŞ’s responsibility to monitor and solve the administrative, legal disputes regarding the ownership of the immovable on which plants are located and the immovable in use, that are available now or will arise after the transfer date and all responsibilities and obligations arising from this matter.

Intangible assets related to agreements are amortized until the end of the related contract period.

Although the Company has the right to obtain substantially all of the economic benefits from use of the asset, it does not have the right to manage the use of power plants according to Article 7 of the contract signed with the EÜAŞ. Therefore, the contract has not been considered as a lease contract under TFRS 16. On the other hand, the Agreement is not accounted within the scope of TFRIC 12 Service Concession Agreements because although the residual interest of the power plants belongs to EÜAŞ, EÜAŞ does not control at what price electricity will be sold.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

10. Intangible assets (continued)

As of 30 September 2022 and 31 December 2021, movements of intangible assets are as follows

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2022	5,959,379	324,100,000	3,992,066	334,051,445
Additions	757,934	-	-	757,934
Cost as of 30 September 2022	6,717,313	324,100,000	3,992,066	334,809,379
Accumulated depreciation as of 1 January 2022	(1,772,050)	(30,833,915)	(2,545,470)	(35,151,435)
Additions	(1,689,730)	(4,960,714)	(231,494)	(6,881,938)
Accumulated depreciation as of 30 September 2022	(3,461,780)	(35,794,629)	(2,776,964)	(42,033,373)
Net book value as of 30 September 2022	3,255,533	288,305,371	1,215,102	292,776,006

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2021	3,211,232	324,100,000	3,992,066	331,303,298
Additions	1,108,436	-	-	1,108,436
Transfers	13,994	-	-	13,994
Cost as of 30 September 2021	4,333,662	324,100,000	3,992,066	332,425,728
Accumulated depreciation as of 1 January 2021	(717,449)	(24,217,962)	(2,213,440)	(27,148,851)
Additions	(912,008)	(4,960,714)	(249,044)	(6,121,766)
Accumulated depreciation as of 30 September 2021	(1,629,457)	(29,178,676)	(2,462,484)	(33,270,617)
Net book value as of 30 September 2021	2,704,205	294,921,324	1,529,582	299,155,111

Amortization expense of intangible assets amounting to TL 4,960,714 (30 September 2021: TL 1,161,052) has been reflected to cost of sales. Amortization expense of intangible assets amounting to TL 1,921,224 (30 September 2021: TL 4,960,714) has been reflected to general administrative expenses.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

11 Provisions, contingent assets and liabilities

11.1 Short-term provisions

As of 30 September 2022 and 31 December 2021, the breakdown of short-term provisions are as follows:

	30 September 2022	31 December 2021
Short-term provisions for employee benefits	12,119,303	6,506,072
Provision for litigations	8,112,295	14,137,022
	20,231,598	20,643,094

Short-term provisions for employee benefits consist of unused vacation days provisions. The current period movement table is as follows:

Unused vacation provision movement	2022	2021
Opening balance (1 January)	3,586,337	3,188,285
Net change in provision within the period	4,032,967	1,015,841
Closing balance (30 September)	7,619,304	4,204,126

Movement of premium provisions for the current period as follows:

Premium provisions movement	2022	2021
Opening balance (1 January)	2,919,735	-
Net change in provision within the period	1,580,264	-
Closing balance (30 September)	4,499,999	-

Other short-term provisions consist of provisions for ongoing litigations of the Group. The movement table is as follows:

Litigation provisions movement	2022	2021
Opening balance (1 January)	14,137,022	13,064,328
Net change in provision within the period	(6,024,727)	(2,438,146)
Closing balance (30 September)	8,112,295	10,626,182

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

11 Provisions, contingent assets and liabilities (continued)

11.2 Contingent liabilities

As of 30 September 2022 and 31 December 2021, the Group's collateral / pledge / mortgage (“CPM”) balances are as follows:

		30 September 2022	31 December 2021
	Currency	TL Amount	TL Amount
A. Guarantees given in the name of its own legal personality (*)	TL	-	-
	US Dollars	23,125,226,625	16,644,588,750
B. Guarantees given on behalf of the fully consolidated companies	TL	-	-
C. Total amount of CPM's given to other 3rd parties for the purpose of carrying out their ordinary commercial activities	TL	-	-
D. Other guarantees	TL	-	-
i. Guarantees given on behalf of the majority shareholder		-	-
ii. Guarantees given to on behalf of other group companies which are not in scope of B and C.	TL	-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.		-	-
Total		23,125,226,625	16,644,588,750

(*) Administrative fines and other administrative sanctions for all structures, with the decision of the Dalaman, Ortaca and Köyceğiz Municipal Committees, for alleged violation of the reconstruction legislation due to the absence of a building permit for Dalaman HEPP 1-2-3-4-5 and Gökyar HEPPs. Since these administrative actions are against the law and HEPPs are public investments, they are exempt from construction permits. For this reason, lawsuits have been filed by the Company to the Administrative Courts for the cancellation of the transactions. The court granted a stay of execution in the lawsuits filed. As a result of the trial process, the court decided to accept 94 cases. The court decided to cancel the administrative sanctions. The management of the company does not think that it will bear any liability or make any payments.

On 2 December 2021, within the scope of the Eurobond, movable pledge was established on the Company's movable assets to form the guarantee of the bond issuance.

The Company are subject to litigation and regulatory proceedings in the normal course of the business. From time to time, The Company may be a party to legal proceedings, including, but not limited to, personal injury claims, commercial disputes, regulatory or administrative actions and employment matters. These proceedings may be brought by, among others, current, former or prospective employees, suppliers, governmental agencies or other third parties. For instance, The Company provided a guarantee to one of the affiliates, Yatağan Termik Enerji Üretim A.Ş., (“Yatağan”) a subsidiary of Aydem Holding, with respect to certain work that GE Enerji Endüstri Ticaret ve Servis A.Ş. (“GE”) had contracted to perform for Yatağan. A dispute has arisen between Yatağan and GE, and as a result GE has initiated a lawsuit against Yatağan and the Company, seeking EUR 9,7 million in damages. During the litigation process, petitions and evidence regarding the claims and defences were submitted to the court by the parties. It was decided to examine the commercial books and records of the parties with the participation of experts on September 6, 2021, and to issue an expert report as a result of the review. Even if the lawsuit is concluded against Yatağan, the management of the company does not think that it will bear any liability or make any payments due to being the guarantor of the Company. Interim decision of the court sent the case again to the expert’s examination. It was decided to wait for the return of the file from the new expert committee. The plaintiff was requested by the court to reverse the technical expert review decision. The defendants’ attorney was given time by the court to make a statement against the statement. After these statements, it was stated that the court would make an interim decision again. The new hearing date has been set as March 16, 2023.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

11 Provisions, contingent assets and liabilities (continued)

11.3 Letters of guarantees received and guarantees given

		30 September 2022	31 December 2021
	Currency	TL equivalent	TL equivalent
Guarantees given (*)	TL	82,553,328	78,101,819
Total		82,553,328	78,101,819

(*) Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to Energy Market Regulatory Authority (“EMRA”), Turkish Electricity Transmission Company (“TEİAŞ”), Privatization Administration and to the judicial authorities for some of the on-going lawsuits.

		30 September 2022	31 December 2021
	Currency	TL equivalent	TL equivalent
Guarantees received (**)	TL	10,091,008	9,976,174
Guarantees received (**)	EURO	4,173,881	701,079
Guarantees received (***)	US Dollars	1,935,966,612	186,339,420
Total		1,950,231,501	197,016,673

(**) The guarantees received are the guarantees taken against the risk of not providing the services to be obtained from the suppliers.

(***) The guarantees received which trade receivables from related parties resulting from bilateral agreements with Aydem EPSAŞ and Gediz EPSAŞ companies and hybrid investments.

11.4 Long term provisions

As of 30 September 2022 and 31 December 2021, the long-term provisions are as follows:

	30 September 2022	31 December 2021
Provisions for retirement pay liability	28,857,028	11,543,311
	28,857,028	11,543,311
Provisions for Retirement Pay Liability	2022	2021
Opening balance (1 January)	11,543,311	8,122,907
Service cost	1,521,429	1,966,056
Interest cost	2,470,269	1,137,207
Retirement payments paid	(1,091,133)	(366,530)
Actuarial loss / (gain)	14,413,152	284,918
Closing balance (30 September)	28,857,028	11,144,558

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

11 Provisions, contingent assets and liabilities (continued)

TFRS require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the subsidiaries within the scope of consolidation.

The main actuarial assumptions used as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Expected interest in the coming years %	21.4	21.4
Expected inflation in the coming years %	17	17
Discount rate %	3.76	3.76

12 Liabilities for employee benefits

As of 30 September 2022 and 31 December 2021, short-term payables related to employee benefits are as follows:

	30 September 2022	31 December 2021
Social security withholdings payable	2,647,233	1,362,799
Payables to personnel	24,683	108,830
	2,671,916	1,471,629

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

13 Financial liabilities

As of 30 September 2022 and 31 December 2021, the details of financial liabilities are as follows:

	30 September 2022	31 December 2021
Current portion of issued debt instruments (*)	985,607,677	763,819,958
Total short-term financial liabilities	985,607,677	763,819,958
Long term issued debt instruments (*)	11,989,818,573	9,292,574,451
Total long-term financial liabilities	11,989,818,573	9,292,574,451
Total financial liabilities	12,975,426,250	10,056,394,409

(*) The Group on the Irish Stock Exchange issued 750,000,000 USD with a maturity of 5.5 years, coupon payments every 6 months, principal and coupon payments at maturity, annual fixed interest rate of 7.75%, on 2 August 2021. With the amount obtained through the bond issuance, the entire loan debt of the Company to the banks has been repaid, and the remaining amount is going to be used for the investments in line with the Company's growth strategy.

Between 11 May 2022 and 28 September 2022, USD 39,187,000 of the said bond was buyback transactions and the related amount was accounted for by deducting the amortized cost using the effective interest rate and the total bond amount.

The repayments of the loan and debt instruments agreements according to their original maturities as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
To be paid within 3 months	-	392,990,197
To be paid within a 3-12 months	985,607,677	370,829,761
To be paid in 1-2 year	905,990,471	702,353,541
To be paid in 2-3 year	2,904,237,128	647,493,336
To be paid in 3-4 year	2,509,447,407	2,078,232,941
To be paid in 4-5 year	5,670,143,567	1,797,992,769
To be paid over 5 year	-	4,066,501,864
	12,975,426,250	10,056,394,409

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

13 Financial liabilities (continued)

As of 30 September 2022 and 31 December 2021, terms and conditions of financial liabilities are as follows:

30 September 2022				
Currency	Interest rate	Maturity for the latest payment	Short-term	Long-term
US Dollars	7.75%	2027	985,607,677	11,989,818,573
			985,607,677	11,989,818,573
31 December 2021				
Currency	Average effective Annual interest rate range	Maturity range for the latest payment	Short-term	Long-term
US Dollars	7.75%	2027	763,819,958	9,292,574,451
			763,819,958	9,292,574,451

The movement of financial liabilities for the period ended 30 September 2022 and 2021 is as follows:

	2022	2021
1 January	10,056,394,409	4,928,941,332
Cash inflow	-	6,207,944,950
Repayment of financial liabilities	(656,200,016)	(5,707,089,212)
Interest accrual	756,508,528	328,603,808
Interest paid	(888,504,125)	(240,982,358)
Exchange rate differences accounted in profit or loss	870,297,491	47,789,051
Exchange rate differences subjected to cash flow hedge, accounted in OCI	2,836,929,963	980,725,174
30 September	12,975,426,250	6,545,932,745

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

14 Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

The Group may be exposed to the following risks depending on the use of financial instruments:

- Liquidity risk
- Market risk
- Operational risk

This note provides information on the Group's exposure to the risks outlined above, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities in the future. The Group's liquidity risk is managed by providing sufficient financing facilities from various financial institutions in a way that does not harm or damage the Group's reputation in order to fund the current and future debt requirements under normal conditions or in crisis situations.

As at 30 September 2022 and 31 December 2021, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

30 September 2022	Book value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	12,975,426,250	17,309,666,446	-	1,035,984,504	16,273,681,942	-
Financial lease liabilities (IFRS 16)	32,147,714	134,996,216	2,358,318	10,059,016	23,432,252	99,146,631
Other long term payables to related parties	43,288,385	174,329,348	-	-	-	174,329,348
Trade payables to related parties	6,295,144	6,295,144	6,295,144	-	-	-
Trade payables to third parties	363,319,990	363,319,990	297,922,392	65,397,598	-	-
Total	13,420,477,483	17,988,607,144	306,575,854	1,111,441,118	16,297,114,194	273,475,979

31 December 2021	Book Value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
Non-derivative financial liabilities						
Financial liabilities	10,056,394,409	13,929,887,981	395,982,371	389,526,136	6,910,031,296	6,234,348,178
Financial lease liabilities (IFRS 16)	29,878,263	134,503,698	5,647,315	2,498,521	6,144,457	120,213,405
Other long term payables to related parties	37,092,472	174,329,348	-	-	-	174,329,348
Trade payables to related parties	4,124,009	4,124,009	4,124,009	-	-	-
Trade payables to third parties	64,023,907	64,023,907	52,499,604	11,524,303	-	-
Total	10,191,513,060	14,306,868,943	458,253,299	403,548,960	6,916,175,753	6,528,890,931

Market risk

Market risk; The risk of changes in the money market, such as exchange rates, interest rates or the prices of instruments traded in the securities markets, may change the Group's income or the value of its financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

14 Nature and level of risks arising from financial instruments (continued)

Currency risk

While the Group’s functional currency is Turkish Lira, the Group is exposed to foreign exchange risks. The Group has outstanding US Dollar debt instruments due to power plant investments. The Group also realizes significant USD indexed sales within the scope of the Feed-in Tariff.

As of 30 September 2022 and 31 December 2021, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

	30 September 2022		
	Original Amounts		
	Total		
	TL Equivalent	US Dollars	EUR
Assets			
Cash and cash equivalents	1,182,919,937	63,364,896	522,861
Trade receivables from third parties	461	20	5
Trade receivables from related parties	1,123,819,624	60,685,665	-
Total Assets	2,306,740,022	124,050,581	522,866
Liabilities			
Short-term and long-term financial liabilities	(12,975,426,250)	(700,666,151)	-
Short-term trade payables to third parties	(81,136,682)	(3,779,410)	(614,511)
Short-term other payables to third parties	(356,911)	(19,273)	-
Total liabilities	(13,056,919,843)	(704,464,834)	(614,511)
Foreign currency liability position	(10,750,179,821)	(580,414,253)	(91,645)
Amounts subject to cash flow hedge accounting (*)	11,311,462,703	610,813,000	-
Net foreign currency position after cash flow hedge	561,282,882	30,398,747	(91,645)
31 December 2021			
Original Amounts			
	Total		
	TL Equivalent	US Dollars	EUR
Assets			
Cash and cash equivalents	1,521,432,526	114,092,615	45,872
Trade receivables from third parties	326	19	5
Other receivables from related parties	15,530,258	1,165,148	-
Trade receivables from related parties	122,805,309	9,196,299	15,102
Total assets	1,659,768,419	124,454,081	60,979
Liabilities			
Short-term and long-term financial liabilities	(10,056,394,409)	(754,474,785)	-
Short-term trade payables to third parties	(19,289,712)	(866,421)	(513,113)
Short-term other payables to third parties	(256,890)	(19,273)	-
Short-term trade payables to related parties	(20,076)	-	(1,331)
Total liabilities	(10,075,961,087)	(755,360,479)	(514,444)
Foreign currency liability position	(8,416,192,668)	(630,906,398)	(453,465)
Amounts subject to cash flow hedge accounting (*)	8,663,850,000	650,000,000	-
Net foreign currency position after cash flow hedge	247,657,332	19,093,602	(453,465)

(*) Please refer to Note 2.7.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

14 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to foreign currency risk in USD Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars and Euro. 10% is the rate used to report the exchange rate risk within the Group to the executives and this rate indicates the possible change in the exchange rates expected by the management. The sensitivity analysis covers only foreign currency denominated monetary items at the end of the year and shows the effects of the 10% increase in foreign exchange rates of these items at the end of the year excluding tax effects. A positive value indicates an increase in profit or loss and other equity items.

Exchange rate sensitivity analysis table		
30 September 2022		
	Increase in Value of foreign currency	Decrease in value of foreign currency
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(1,074,851,743)	1,074,851,743
2- TL hedged portion (-)	1,131,146,270	(1,131,146,270)
3- TL net effect (1 + 2)	56,294,527	(56,294,527)
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(166,239)	166,239
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	(166,239)	166,239
Total (3 + 6)	56,128,288	(56,128,288)

Exchange rate sensitivity analysis table		
31 December 2021		
	Increase in Value of foreign currency	Decrease in value of foreign currency
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(840,935,137)	840,935,137
2- TL hedged portion (-)	866,385,000	(866,385,000)
3- TL net effect (1 + 2)	25,449,863	(25,449,863)
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(684,129)	684,129
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	(684,129)	684,129
Total (3 + 6)	24,765,734	(24,765,734)

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

14 Nature and level of risks arising from financial instruments (continued)

Capital risk managements

In managing capital, the Group's objectives are to maintain the Group's ability to continue to operate in order to maintain an optimal capital structure to provide returns to shareholders, benefits to other shareholders, and to reduce capital costs.

In order to maintain or adjust the capital structure, the Group determines the amount of dividend payable to shareholders.

The Group monitors capital on the basis of the net financial debt / equity ratio. Net financial debt is calculated by deducting cash and cash equivalents from total financial debt.

As of 30 September 2022 and 31 December 2021 net financial liabilities / equity ratios are as follows:

	30 September 2022	31 December 2021
Total financial liabilities	12.975.426.250	10.056.394.409
Cash and cash equivalents	(1.365.774.823)	(1.525.592.118)
Net financial liabilities	11.609.651.427	8.530.802.291
Equity	8.381.282.389	9.803.259.940
Net financial liabilities / equity ratio	138,52%	87,02%

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment 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.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial liabilities

The carrying values of trade payables are estimated to be their fair values since they are short term and leasing liabilities are estimated to be their fair values assuming that there is no significant change in the market prices of similar leases with the same maturity.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

15 Earnings per share

The calculation of basic and diluted Earnings per share for the year ended 30 September 2022; was based on the profit attributable to ordinary shareholders of TL 905,872,744 (30 September 2021: TL 8,291,230 and a weighted average number of ordinary shares outstanding of 700,803,466 (year ended 30 September 2021: 702,833,333) as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Numerator:		
Income / (loss) for the period attributable to owners of the Company	905,872,744	8,291,230
Denominator:		
Weighted average number of shares	700,803,466	702,833,333
Basic and diluted profit /(loss) per share (full TL)	1.29	0.01

	Shares issued	Treasury shares
Outstanding ordinary shares as of 1 January 2022 (Par Value: TL 1)	705,000,000	
Outstanding ordinary shares as of 17 February 2022	704,800,000	1,594,904
Outstanding ordinary shares as of 21 February 2022	704,100,000	5,623,834
Outstanding ordinary shares as of 22 February 2022	704,050,000	402,810
Outstanding ordinary shares as of 23 February 2022	703,740,000	2,480,847
Outstanding ordinary shares as of 1 March 2022	703,240,000	3,878,946
Outstanding ordinary shares as of 9 March 2022	702,740,000	3,497,801
Outstanding ordinary shares as of 11 March 2022	702,576,498	1,154,053
Outstanding ordinary shares as of 16 March 2022	702,376,498	1,478,075
Outstanding ordinary shares as of 23 March 2022	701,876,498	3,847,146
Outstanding ordinary shares as of 7 April 2022	701,696,498	1,511,395
Outstanding ordinary shares as of 11 April 2022	701,396,498	2,670,129
Outstanding ordinary shares as of 13 April 2022	700,896,498	4,578,545
Outstanding ordinary shares as of 18 April 2022	700,596,498	2,882,854
Outstanding ordinary shares as of 25 April 2022	700,396,498	1,916,598
Outstanding ordinary shares as of 18 May 2022	700,196,498	1,692,748
Outstanding ordinary shares as of 25 May 2022	699,896,498	2,496,513
Outstanding ordinary shares as of 9 June 2022	699,596,498	2,540,729
Outstanding ordinary shares as of 16 June 2022	699,566,498	257,500
Outstanding ordinary shares as of 05 July 2022	699,266,498	2,702,773
Outstanding ordinary shares as of 30 September 2022 (Par value: TL 1)	699,566,498	
Total		47,208,198

The weighted average number of shares of the company in the nine-month interim period ending on 30 September 2022 is 700,803,466.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

16 Prepaid expenses

As of 30 September 2022 and 31 December 2021, short-term prepaid expenses are as follows:

	30 September 2022	31 December 2021
Service advances given	16.180.916	9.945.845
Prepaid income for the following months	10.731.613	22.768.765
Business advances	607.328	100.453
	27.519.857	32.815.063

17 Other current and other liabilities

As of 30 September 2022 and 31 December 2021, other liabilities are as follows:

	30 September 2022	31 December 2021
Taxes and funds payable	59.385.913	6.439.726
Overdue deferred or installed taxes and other payables	-	10.824.343
Other	169.338	60.036
	59.555.251	17.324.105

18 Financial Investments

As of 30 September 2022 and 31 December 2021, financial investments are as follows:

	30 September 2022	31 December 2021
Restricted accounts	100,383,989	-
- Interest reserve account related to eurobond (*)	87,420,899	-
- Currency protected deposits	12,963,090	-
- Restricted account related to guarantees	-	2,704,681
	100,383,989	2,704,681

(*) The Company shall, so long as any Note remains outstanding, fund the interest reserve account on a monthly basis and maintain the required balance given the amount of upcoming interest payment. The amount standing in the account will gradually increase and finally be equal to debt service amount on the date of debt service.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the interim condensed consolidated financial statements
for the nine – months period ended 30 September 2022

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

19 Events after the reporting period

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 2,800,000.00 on October 14, 2022. The total amount of the transaction including coupon rate which is USD 2,114,000.00.

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 350,000.00 on October 21, 2022. The total amount of the transaction including coupon rate which is USD 266,177.43.

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 652,000.00 on October 24, 2022. The total amount of the transaction including coupon rate which is USD 607,722.22.

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 800,000.00 on October 25, 2022. The total amount of the transaction including coupon rate which is USD 495,433.97.

- Within the scope of our Board of Directors' buy-back decision on May 11, 2022 our company purchased Eurobonds (XS2368781477) with a nominal value of USD 2,000,000.00 on October 27, 2022. The total amount of the transaction including coupon rate which is USD 1,520,597.22.