

Murat Nehri Enerji Üretim A.Ş.

**Interim condensed financial statements as at
and for the nine-month ended September 30,
2021**

Murat Nehri Enerji Üretim A.Ş.

Index to the interim condensed financial statements

Table of contents	<u>Pages</u>
Interim condensed statement of financial position	3
Interim condensed statement of profit and loss and other comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial statements	7 - 17



**Building a better
working world**

Güney Bağımsız Denetim ve SMMM A. Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27 D: 57
34485 Sarıyer/İstanbul TÜRKİYE

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

Report on Review of Interim Condensed Financial Statements

To the Board of Directors of Murat Nehri Enerji Üretim A.Ş.

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Murat Nehri Enerji Üretim A.Ş. ("the Company") as of September 30, 2021 and the interim condensed statement of profit or loss and other comprehensive income, interim statement of changes in equity and the interim statement of cash flows for the nine-month period then ended, and explanatory notes. The Company management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Emphasis of Matter

We draw attention to footnote 2.5 explaining the reasons and effects of the restatements in the financial statements as of December 31, 2020. Our conclusion is not modified with respect to this matter.



**Building a better
working world**

Conclusion

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

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



16 December 2021
Istanbul, Turkey

Murat Nehri Enerji Üretim A.Ş.**Interim condensed statement of financial position****As at September 30, 2021 and December 31, 2020****(Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)**

		Reviewed	Audited(Restated)
	Notes	September 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	3	415.209	156.896
Trade and Other receivables			
-Trade and other receivables from related parties	4,13	-	2.839
-Trade and other receivables from third parties	4	28.871	29.576
Current tax assets		-	55
Prepaid expenses		6.354	9.657
Other current assets	5	120.259	114.372
Total current assets		570.693	313.395
Non-current assets			
Other receivables			
-Other receivables from third parties		702	582
Property, plant and equipment	6	2.944.476	2.250.900
Intangible assets		187	202
Right of use assets		351	261
Prepaid expenses		37.710	41.627
Other non-current assets	5	41.514	120.704
Total non-current assets		3.024.940	2.414.276
Total assets		3.595.633	2.727.671
Liabilities and equity			
Current liabilities			
Short term portion of long term borrowings	8	303.668	162.399
Lease liabilities		311	90
Trade and other payables			
-Trade and other payables to related parties	7,13	395.825	32.836
-Trade and other payables to third parties	7	28.667	39.458
Provisions related to employee benefits		148	129
Payables related to employee benefits		210	140
Other current liabilities		2.132	1.299
Total current liabilities		730.961	236.351
Non-current liabilities			
Long term borrowings	8	1.521.801	1.392.782
Lease liabilities		366	204
Provision for employee termination benefits		105	122
Total non-current liabilities		1.522.272	1.393.108
Equity			
Share capital		1.376.641	1.294.102
Accumulated losses		(195.890)	(838)
Net profit/(loss)		161.649	(195.052)
Total equity		1.342.400	1.098.212
Total liabilities and equity		3.595.633	2.727.671

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

Murat Nehri Enerji Üretim A.Ş.**Interim condensed statement of profit and loss and other comprehensive income
For the nine-month period ended September 30, 2021
(Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)**

		Reviewed January 1 – Notes September 30, 2021	January 1 - September 30, 2020
Sales of electricity	9	406.843	-
Total revenue		406.843	-
Services expenses (-)	10	(22.803)	(671)
Labour costs (-)		(4.808)	(206)
Other tax expenses (-)		(142)	(144)
Other income from operating activities		532	1
Other expense from operating activities (-)		(3.282)	(4)
Earnings before financial expenses, taxes, depreciation and amortisation (EBITDA)		376.340	(1.024)
Depreciation and amortization expense		(47.918)	(744)
Earnings before financial expenses and taxes (EBIT)		328.422	(1.768)
Financial income	11	123.068	355
Financial expense	11	(289.841)	(199.596)
Profit/ (Loss) for the period		161.649	(201.009)
Deferred tax (expense)/income		-	(305)
Total comprehensive income/(loss) for the period		161.649	(201.314)

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

Murat Nehri Enerji Üretim A.Ş.**Interim condensed statement of changes in equity
for the nine-month period ended September 30, 2021
(Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)**

	Share capital	Capital advance	Accumulated losses	Net income/ (loss) for the period	Total
Balances as of January 1, 2020	1.121.713	-	7.463	(8.301)	1.120.875
Capital advance	-	36.512	-	-	36.512
Transfers	-	-	(8.301)	8.301	-
Net loss for the period	-	-	-	(201.314)	(201.314)
Balances as of September 30, 2020	1.121.713	36.512	(838)	(201.314)	956.073
Balances as of January 1, 2021 (as previously reported)	1.294.102	-	(838)	(321.118)	972.146
Restatement effect (Note 2.5)	-	-	-	126.066	126.066
Balances as of January 1, 2021 (as restated)	1.294.102	-	(838)	(195.052)	1.098.212
Capital advance	-	82.539	-	-	82.539
Transfers	82.539	(82.539)	(195.052)	195.052	-
Net profit for the period	-	-	-	161.649	161.649
Balances as of September 30, 2021 (Reviewed)	1.376.641	-	(195.890)	161.649	1.342.400

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

Murat Nehri Enerji Üretim A.Ş.**Interim condensed statement of cash flows
for the nine-month period ended September 30, 2021
(Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)**

	Note	Reviewed January 1 - September 30, 2021	January 1 – September 30, 2020
Cash flows from operating activities			
Profit/ (Loss) before income tax		161.649	(201.009)
Adjustments for:			
Depreciation and amortization		47.918	745
Interest income	11	(828)	(41)
Interest expenses	11	20.824	46.462
Gain from sales of assets		(360)	-
Provisions related to employee benefits		64	(41)
Unrealized foreign exchange losses		267.760	348.810
Operating cash flows before working capital changes		497.027	194.926
Increase / (decrease) in Trade and other receivables		3.425	62
Increase / (decrease) in other current and non-current assets		80.487	(179.895)
Increase / (decrease) in trade and other payables		351.301	65.593
Increase / (decrease) in other liabilities		2.122	4.992
Changes in working capital		437.335	(109.248)
Net cash from operating activities		934.362	85.678
Cash flows from investing activities			
Purchases of intangibles and property, plant and equipment		(746.103)	(738.011)
Cash inflow from sales of assets		5.511	-
Net cash used in investing activities		(740.592)	(738.011)
Cash flows from financing activities			
Share capital advance		82.539	36.512
Changes in restricted cash		(168.515)	639.156
Interest paid	8	(21.225)	(14.938)
Net cash provided from financing activities		(107.201)	660.730
Unrealized foreign exchange gain/(loss) from cash and cash equivalents		3.229	95.669
Net increase in cash and cash equivalents		89.798	104.066
Cash and cash equivalents at the beginning of the period	3	153.281	20.572
Cash and cash equivalents at the end of the period	3	243.079	124.638

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

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements

for the nine-month period ended September 30, 2021

(Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)

1. Organization and operations of the Company

Murat Nehri Enerji Üretim A.Ş. (the “Company” or previously known as “Alpaslan II”), was established by demerging it from Enerjisa Enerji Üretim A.Ş. on December 31, 2015. The Company was acquired on April 28, 2017 by Energo-Pro Hydro Development S.R.O, which is the main shareholder and holds the principal control of the Company. Aforementioned transaction was registered in Trade Registry Gazette on May 8, 2017.

The Company is registered in Besa Kule,Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya, Ankara. As at September 30, 2021, the Company’s principal and paid capital is TRY 1.376.641 (December 31, 2020: TRY 1.294.102) and the ultimate shareholder and the controlling party is Energo-Pro Hydro Development S.R.O.

The construction of clay core the rock fill dam structure project which is located on Murat River within the boundary of Muş, has been started in 2012. The Project is a hydroelectric power plant and Alpaslan-II has 280 MW installed capacity in total within the 2x110 MW and 2x30 MW turbines. Within the 54.69 km2 pond area, the project is aiming to be one of the largest dam, built by the private companies. One of the turbines with a power of 30 MW became operational on December 31, 2020, and the other 3 became operational on June 30, 2021.

The Company has 35 employees as of September 31, 2021 (December 31, 2020: 29).

The financial statements of the Company were approved by the Company’s Management on December 16, 2021.

2. Basis of presentation of financial statements

2.1. Basis of preparation

The interim condensed financial statements for the nine months ended September 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at December 31, 2020.

**Notes to the interim condensed financial statements
for the nine-month period ended September 30, 2021 (continued)
(Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)**

2. Basis of presentation of financial statements

2.2 Seasonality

The Company’s business is not affected by seasonality. Alpaslan-II HPP has a reservoir system and management has concluded that this is not ‘highly seasonal’ in accordance with IAS 34.

2.3 Recent accounting pronouncements

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company

2.4 Significant changes in accounting policies

Preparation of summarised financial statements and company management estimations and assumptions that will impact reported assets, liabilities, income and operating costs are required in this interim period. Actual results may differ from these estimations.

Important decisions made by management when preparing the interim period summarised financial statements comply with the Company’s accounting policies and estimations used when preparing consolidated financial statements for the financial year ending on 31 December 2020.

2. Basis of presentation of financial statements

2.5 Comparative information and restatement of prior period financial statements

The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements for the nine-month period ended September 30, 2021 (continued) (Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

2.5 Comparative information and restatement of prior period financial statements

The restatements made in the financial statements of the Company as of December 31, 2020 are as follows:

Statement of financial position	Notes	As previously reported	Restatement effect	As restated
Property, plant and equipment	A	2.062.957	187.943	2.250.900
Other intangible asset	A	190	12	202
Deferred tax asset	A,B	61.888	(61.888)	-
Total non-current assets		2.125.035	126.067	2.251.102
Net loss for the year	A	(321.118)	126.066	(195.052)
Total equity		972.146	126.066	1.098.212

Statement of profit or loss and other comprehensive income		As previously reported	Restatement Effect	As restated
Depreciation expense		(10.871)	8.437	(2.434)
Finance expense	A	(377.563)	179.517	(198.046)
Deferred tax income/ (expense)	A,B	61.583	(61.888)	(305)
Loss for the year		(326.851)	126.066	(200.785)

Statement of cash flows		As previously Reported	Restatement effect	As restated
Loss before income tax	A	(382.701)	187.954	(194.747)
Depreciation and Amortization	A	10.871	(8.437)	2.434
Unrealized foreign exchange losses	A	375.297	(179.517)	195.780
Operating cash flows before working capital changes		-	-	-

- A. In 2021, the Company has identified an error in the calculation of capitalized borrowing costs as of December 31, 2020. Related error was corrected by restating the prior year financial statements as detailed above.
- B. The Company revisited the deferred tax assets recognised and concluded that as of the opening balance sheet date there is no sufficient evidence to conclude that the Company will generate taxable profit over the foreseeable future. Accordingly, management concluded that it was not probable that those deferred tax assets will be realized so derecognised all deferred tax assets that were previously recognised.

Without any adjustment on past year financial statements, the reclassifications made in statement of financial position of the Company as of December 31, 2020 are as follows:

- Restricted cash amounting to TRY 3.615 which was previously classified in other current asset, has been reclassified to cash and cash equivalents.
- Long-term prepaid expenses previously included in other non-current asset, amounting to TRY 41.626 has been presented as a separate line item in the statement of financial position.
- Trade payables and other payables which were previously presented separately, have been presented together to conform with the presentation requirements of the parent company.
- Taxes payables amounting to TRY 1.058 which were previously classified in trade and other payables, has been reclassified to other current liabilities.

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements for the nine-month period ended September 30, 2021 (continued) (Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)

3. Cash and cash equivalents

	September 30, 2021	December 31, 2020
Cash in bank - demand deposits	243.079	153.281
Restricted cash	172.130	3.615
	415.209	156.896
- Less: USD denominated restricted cash (*)	172.130	3.615
Cash and cash equivalents at statement of cash flow	243.079	153.281

(*) This amount consist of revenues from electricity sold and held in a segregated account of The Company with Mitsubishi UFJ Financial Group. In accordance with loan agreement, the release of this cash is subject to payment of the next loan installment and its use is restricted to payment of loan.

At September 30, 2021, cash and cash equivalents included restricted cash amounting to TRY 172.130 (31 December 2020: TRY 3.615) consequently, cash and cash equivalents as reported in the statement of cash flows amounted to TRY 243.079 (31 December 2020: TRY 153.281).

As of September 30, 2021 and December 31, 2020 the details of currency position of the cash and cash equivalents are as follows:

	September 30, 2021	December 31, 2020
EURO	383.509	143.318
TRY	31.667	7.679
USD	33	5.899
Total	415.209	156.896

4. Trade and other receivables

a) Trade and other current receivables

	September 30, 2021	December 31, 2020
Trade receivables from third parties	28.868	-
Trade receivables from related parties (Note 13)	-	2.839
Other receivables from third parties	-	29.574
Deposits and guarantees given	3	2
Total	28.871	32.415

On average, maturity for trade receivables are 26 days (December 31, 2020: N/A).

5. Other current and non-current assets

a) Other current assets

	September 30, 2021	December 31, 2020
VAT deductible	115.074	111.540
Work advances given to employee	57	2.578
Advances given to third parties	4.935	254
Other	193	-
Total	120.259	114.372

Murat Nehri Enerji Üretim A.Ş.**Notes to the interim condensed financial statements
for the nine-month period ended September 30, 2021 (continued)
(Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)****5. Other current and non-current assets (continued)****b) Non-current assets**

	September 30, 2021	December 31, 2020
VAT deductible	41.476	120.704
Other	38	-
Total	41.514	120.704

6. Property, plant and equipment

Movement of property, plant and equipment and accumulated depreciation between January 1 and September 30, 2021 are as follows:

	January 1, 2021	Additions	Transfer	Disposal	September 30, 2021
Cost:					
Land	24.581	-	-	-	24.581
Land improvements	266	-	-	-	266
Buildings	1.858.146	-	560.152	(3.473)	2.414.825
Machinery and equipment	142.337	-	410.868	(3.021)	550.184
Furniture and fixtures	2.795	111	-	-	2.906
Vehicles	2.597	140	-	-	2.737
Leasehold improvement	21	-	-	-	21
Construction in progress	225.170	745.850	(971.020)	-	-
Total costs	2.255.913	746.101	-	(6.494)	2.995.520
Accumulated depreciation:					
Land improvements	(62)	(14)	-	-	(76)
Buildings	(1.615)	(38.752)	-	718	(39.649)
Machinery and equipment	(1.355)	(8.022)	-	625	(8.752)
Furniture and fixtures	(1.145)	(344)	-	-	(1.489)
Vehicles	(824)	(239)	-	-	(1.063)
Leasehold improvement	(12)	(3)	-	-	(15)
Total depreciation	(5.013)	(47.374)	-	1.343	(51.044)
Net book value	2.250.900				2.944.476

As of September 30, 2021 the cumulative capitalized borrowing cost on property, plant and equipment amounts to TRY 350.123 (December 31, 2020: TRY 270.618).

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements for the nine-month period ended September 30, 2021 (continued) (Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)

6. Property, plant and equipment (continued)

Movement of property, plant and equipment and accumulated depreciation between January 1 and September 30, 2020 are as follows:

	January 1, 2020	Additions	Transfer	Disposal	September 30, 2020
Cost:					
Land	24.581	-	-	-	24.581
Land improvements	266	-	-	-	266
Buildings	4.606	-	-	-	4.606
Machinery and equipment	4.767	-	-	-	4.767
Furniture and fixtures	2.777	18	-	-	2.795
Vehicles	2.587	10	-	-	2.597
Leasehold improvement	21	-	-	-	21
Construction in progress	1.372.558	737.984	-	-	2.110.542
Total costs	1.412.163	738.012	-	-	2.150.175
Accumulated depreciation:					
Land improvements	(43)	(14)	-	-	(57)
Buildings	(1.035)	(333)	-	-	(1.368)
Machinery and equipment	(931)	(345)	-	-	(1.276)
Furniture and fixtures	(896)	(226)	-	-	(1.122)
Vehicles	(515)	(226)	-	-	(741)
Leasehold improvement	(1)	(10)	-	-	(11)
Total depreciation	(3.421)	(1.154)	-	-	(4.575)
Net book value	1.408.742				2.145.600

7. Trade and other payables

	September 30, 2021	December 31, 2020
Short-term trade payables to related parties (*) (Note 13)	380.498	16.936
Short-term other payables to related parties (Note 13)	15.327	15.900
Short-term trade payables to third parties (*)	27.436	36.864
Short-term other payables to third parties	1.231	2.594
Total	424.492	72.294

- (*) On average, maturity for short-term trade payables are 30 days (December 31, 2020: 30 Days).
(**) The amount consisted of payable to Energo-Pro İnşaat San. ve Tic. A.Ş., due to Alpaslan-II HPPs construction.

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements for the nine-month period ended September 30, 2021 (continued) (Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)

8. Borrowings

	September 30, 2021	December 31, 2020
Short-term portion of long-term borrowings	303.668	162.399
Long-term borrowings	1.521.801	1.392.782
Total	1.825.469	1.555.181

The details of bank loans as of September 30, 2021 is as follows:

Loan (“000 EUR”)	Amount	Currency	Interest Rate	Year of Maturity
Tranche A	125.000	EUR	2,8%	2030
Tranche B	30.000	EUR	1,25%	2030
Tranche C	20.000	EUR	6 Months Euribor + 1.75%	2027
Total	175.000			

The details of bank loans as of December 31, 2020 is as follows:

Loan (“000 EUR”)	Amount	Currency	Interest Rate	Year of Maturity
Tranche A	125.000	EUR	2,8%	2030
Tranche B	30.000	EUR	1,25%	2030
Tranche C	20.000	EUR	6 Months Euribor + 1.75%	2027
Total	175.000			

A loan agreement amounting to EUR 175.000 was signed between DK Holding Investment S.R.O, Energo-Pro Hydro Development S.R.O, MUFG Securities Emea PLC and HSBC Bank PLC on November 8, 2019. EUR 50.000 of total amount has been received from Czech Export Bank and the remaining amount has been received from MUFG Securities Emea PLC.

DK Holding Investment is the guarantor to the total amounts of the loans from MUFG.

Redemption schedule of the Company’s bank loans according to original maturities are as follows:

	September 30, 2021	December 31, 2020
Within 1 year	303.668	162.399
1-5 years	968.057	786.883
5 years and more	553.744	605.899
Total	1.825.469	1.555.181

As of September 30, 2021 and 2020 the movement for borrowings is as follows:

	2021	2020
Beginning of the period – January 1,	1.555.181	1.138.500
Interest paid	(21.225)	(14.938)
Change in interest accrual	31.692	28.323
Change in foreign exchange differences	259.821	462.161
End of the period – September 30,	1.825.469	1.614.046

Murat Nehri Enerji Üretim A.Ş.

**Notes to the interim condensed financial statements
for the nine-month period ended September 30, 2021 (continued)**
(Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)

9. Sales of Electricity

	January 1 - September 30, 2021	January 1 - September 30, 2020
Sales of Electricity	406.843	-
End of the period – September 30	406.843	-

(*) Alpaslan-II Dam has generated 556.313 MWh of electricity for the nine-month ended period.

10. Services expenses

	January 1 - September 30, 2021	January 1 - September 30, 2020
Dispatch and transmission expense	(13.406)	-
Insurance expense	(3.761)	(343)
Professional service fees	(2.313)	-
Security expense	(1.153)	-
Facility expense	(406)	(99)
Repairs and maintenance expense	(138)	-
Other	(1.626)	(229)
End of the period – September 30	(22.803)	(671)

11. Finance income/ (expenses)

	January 1 - September 30, 2021	January 1 - September 30, 2020
Finance income		
Foreign exchange gains	122.240	314
Interest income	828	41
Total	123.068	355
Finance expenses		
Foreign exchange losses	(269.017)	(153.134)
Interest expenses	(20.824)	(46.462)
Total	(289.841)	(199.596)
Net finance income/(loss)	(166.773)	(199.241)

Murat Nehri Enerji Üretim A.Ş.

**Notes to the interim condensed financial statements
for the nine-month period ended September 30, 2021 (continued)**
(Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)

12. Commitments, contingent assets and liabilities

	September 30, 2021	December 31, 2020
Letters of guarantee given	24.056	14.774
Total	24.056	14.774

The Company was acquired from Enerjisa Enerji Üretim A.Ş. on April 28, 2017 by Energo-Pro Hydro Development S.R.O. Özışık İnşaat ve Enerji A.Ş. has initiated a lawsuit against the Company pending at İstanbul 6th Commercial Court of First Instance at an amount of 8.000 USD. According to the Share Purchase Agreement between Energo-Pro Hydro and Enerjisa Enerji Üretim A.Ş., neither the Company nor the Energo-Pro Hydro, has any obligation, duty, liability or responsibility of any kind whatsoever in connection with the notification, the Option Agreement or the Lawsuit raised by Özışık İnşaat ve Enerji A.Ş. and the Enerjisa Enerji Üretim A.Ş. is or should be treated as the sole and ultimate addressee of the Lawsuit and the notification. Accordingly, no provision has been recognized at these financial statements in relation to this lawsuit since a probable outflow of economic benefits is deemed to be unlikely.

13. Related parties

The Company has electricity trade transaction, financial activities and cost reflection activities with the related parties.

a) Other receivables from related parties

	September 30, 2021	December 31, 2020
Energo Pro İnşaat San. Ve Tic. A.Ş. (**)	-	2.839
Total	-	2.839

b) Trade payables due to related parties

	September 30, 2021	December 31, 2020
Energo Pro İnşaat San. Ve Tic. A.Ş. (**)	380.498	16.791
Energo Pro Güney Elektrik Toptan Satış İth. İhr. Ve Tic A.Ş. (**)	-	145
Total	380.498	16.936

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements for the nine-month period ended September 30, 2021 (continued) (Amounts expressed in thousand Turkish Lira (“000 TRY”), unless otherwise indicated.)

13. Related parties (continued)

c) Other payables to related parties

	September 30, 2021	December 31, 2020
Energo-Pro a.s. (**)	9.188	10.106
Energo-Pro Hydro Development S.R.O. (*)	3.580	3.121
Energo Pro İnşaat San. Ve Tic. A.Ş. (**)	-	71
Reşadiye Hamzalı Elektrik Üretim Sanayi ve Ticaret A.Ş. (**)	2.085	2.184
ÇKD Litoströj Turkey Türbin İmalatları A.Ş. (**)	-	16
Energo-Pro Güney Elektrik Top. Sat. İth. İhr. ve Tic. A.Ş. (**)	389	278
Bilsev Enerji Üretim ve Tic. A.Ş. (**)	85	120
Berta Enerji Elk.Üretim San. ve Tic. A.Ş. (**)	-	4
Total	15.327	15.900

d) Purchased services from related parties

	January 1- September 30, 2021	January 1- September 30, 2020
Reşadiye Hamzalı Elektrik Üretim San. ve Tic. A.Ş. (**)	993	-
Energo-Pro Swiss GMBH (**)	495	-
Energo-Pro Güney Elektrik Top. Sat. İth. İhr. ve Tic. A.Ş. (**)	122	-
Total	1.610	-

(*) Shareholder of the Company

(**) Other related parties

e) Other expenses from related parties

	January 1- September 30, 2021	January 1- September 30, 2020
Reşadiye Hamzalı Elektrik Üretim San. ve Tic. A.Ş. (**)	2.212	-
Energo-Pro Güney Elek. Toptan Satış İth. İhr. ve Tic. A.Ş. (**)	284	-
Total	2.496	-

14. Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Currency risk, Currency risk is the risk that the financial results of the Company will be adversely impacted by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. The Company does not use any derivatives to manage foreign currency risk exposure, at the same time the management of the Company is trying to mitigate such risk by managing monetary assets and liabilities in foreign currency on Company level.

Murat Nehri Enerji Üretim A.Ş.

Notes to the interim condensed financial statements for the nine-month period ended September 30, 2021 (continued) (Amounts expressed in thousand Turkish Lira ("000 TRY"), unless otherwise indicated.)

14. Financial Risk Management (continued)

The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	September 30, 2021				December 31, 2020			
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Net balance sheet position (TRY)	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Net balance sheet position (TRY)
USD	3	(449)	(446)	(3.944)	2	-	2	15
EURO	37.185	(177.143)	(139.958)	(1.443.457)	16.007	(175.366)	(159.359)	(1.435.490)
Total	37.188	(177.592)	(140.404)	(1.447.401)	16.009	(175.366)	(159.357)	(1.435.475)

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables held constant:

	September 30, 2021	September 30, 2020
	Impact on profit or loss	Impact on profit or loss
In case 20% appreciation in US Dollar	(89)	-
In case 20% depreciation in US Dollar	89	-
In case 20% appreciation in EURO	(27.992)	(31.872)
In case 20% depreciation in EURO	27.992	31.872

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

15. Subsequent events

On 14 October 2021, Energo-Pro A.S. and DK Holding Investments, s.r.o. signed a share purchase agreement whereby Energo-Pro A.S. agreed to acquire from DK Holding Investments, s.r.o. a 100 per cent of the Murat Nehri Enerji Üretim A.Ş shares from the Company's current parent - Energo-pro Hydro Development s.r.o.