

**ENERJISA ENERJİ A.Ş. AND
ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2020

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONTENTS	PAGE
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-61
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	7-9
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	10-14
NOTE 3 SHARES IN OTHER PARTIES	15
NOTE 4 SEGMENT REPORTING	16-23
NOTE 5 RELATED PARTY TRANSACTIONS	24-29
NOTE 6 TRADE RECEIVABLES AND PAYABLES	30-31
NOTE 7 OTHER RECEIVABLES AND PAYABLES	32-33
NOTE 8 FINANCIAL ASSETS.....	34
NOTE 9 RIGHT OF USE ASSETS	35
NOTE 10 PROPERTY, PLANT AND EQUIPMENT.....	36
NOTE 11 INTANGIBLE ASSETS	37-38
NOTE 12 COMMITMENT AND CONTINGENCIES.....	38
NOTE 13 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS.....	39-40
NOTE 14 REVENUE.....	41
NOTE 15 COST OF SALES	41
NOTE 16 GENERAL ADMINISTRATIVE EXPENSES	42
NOTE 17 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	43
NOTE 18 FINANCE INCOME AND EXPENSES	44
NOTE 19 TAX ASSETS AND LIABILITIES.....	45-48
NOTE 20 FINANCIAL INSTRUMENTS	49-52
NOTE 21 DERIVATIVE INSTRUMENTS.....	53-54
NOTE 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	54-59
NOTE 23 EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS	60-61
NOTE 24 EVENTS AFTER THE REPORTING DATE	61

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

ASSETS	Notes	Unaudited / current period 30 September 2020	Audited / prior period 31 December 2019
Current Assets		7,713,600	5,781,800
Cash and Cash Equivalents	23	621,281	469,786
Financial Investments		127,791	-
Financial Assets	8	2,018,369	1,098,550
Trade Receivables	6	3,581,685	3,009,455
<i>Due from Related Parties</i>	5	19,508	17,679
<i>Due from Third Parties</i>		3,562,177	2,991,776
Other Receivables	7	868,999	1,022,446
<i>Due from Third Parties</i>		868,999	1,022,446
Derivative Financial Instruments	21	294,107	7,829
Inventory		152,948	131,953
Prepaid Expenses		25,522	41,474
Assets Related with Current Taxes	19	22,376	60
Other Current Assets		522	247
Non-Current Assets		17,734,286	17,613,658
Other Receivables	7	625,444	737,736
<i>Due from Third Parties</i>		625,444	737,736
Derivative Financial Instruments	21	5,793	960
Financial Assets	8	9,817,865	9,445,286
Right of Use Assets	9	122,018	145,483
Property, Plant and Equipment	10	538,655	483,543
Intangible Assets	11	6,374,308	6,548,405
<i>Goodwill</i>		1,977,127	1,977,127
<i>Other Intangible Assets</i>		4,397,181	4,571,278
Prepaid Expenses		3,543	1,642
Deferred Tax Assets	19	240,715	244,040
Other Non-Current Assets		5,945	6,563
TOTAL ASSETS		25,447,886	23,395,458

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	Unaudited / current period 30 September 2020	Audited / prior period 31 December 2019
Current Liabilities		6,244,529	7,331,012
Short-Term Financial Liabilities	20	2,098,758	676,281
Short-Term Portion of Long Term Financial Liabilities	20	1,266,575	3,015,735
Other Financial Liabilities	20	69,582	51,184
Trade Payables	6	1,682,928	2,611,620
<i>Due to Related Parties</i>	5	130,777	96,906
<i>Due to Third Parties</i>		1,552,151	2,514,714
Payables for Employee Benefits		72,268	52,358
Other Payables	7	164,973	174,660
<i>Due to Third Parties</i>		164,973	174,660
Derivative Financial Instruments	21	-	66,655
Deferred Income		6,024	8,284
Income Tax Liability	19	187,917	79,733
Short-Term Provisions		298,381	289,026
<i>Provisions for Employment Benefits</i>		2,022	41,190
<i>Other Short-Term Provisions</i>		296,359	247,836
Other Short-Term Liabilities		397,123	305,476
Non-Current Liabilities		11,601,784	9,229,943
Long-Term Financial Liabilities	20	7,271,364	5,378,462
Other Financial Liabilities	20	356,758	302,714
Other Payables	7	1,996,805	1,903,683
<i>Due to Third Parties</i>		1,996,805	1,903,683
Deferred Income		234,525	-
Long-Term Provisions		204,316	167,216
<i>Provisions for Employment Benefits</i>		204,316	167,216
Deferred Tax Liabilities	19	1,538,016	1,477,868
TOTAL LIABILITIES		17,846,313	16,560,955

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	Unaudited / current period 30 September 2020	Audited / prior period 31 December 2019
Equity		7,601,573	6,834,503
Registered Share Capital	13	1,181,069	1,181,069
Adjustments to Share Capital	13	2,416,412	2,626,532
Total Share Capital		3,597,481	3,807,601
Other Funds		4,340	4,340
Accumulated Other Comprehensive Expenses not to be Reclassified to Profit or Loss in Subsequent Periods		(3,464)	(3,464)
<i>Accumulated Loss on Remeasurement of Defined Benefit Plans</i>		<i>(3,464)</i>	<i>(3,464)</i>
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		126,575	(2,248)
<i>Hedge Reserves</i>		<i>126,575</i>	<i>(2,248)</i>
Restricted Profit Reserves	13	485,378	251,545
Retained Earnings		2,044,375	1,743,107
Profit for the Period		1,346,888	1,033,622
TOTAL LIABILITIES AND EQUITY		25,447,886	23,395,458

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.

Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Notes	Unaudited / current period 1 January - 30 September 2020	Unaudited / prior period 1 January - 30 September 2019	Unaudited / current period 1 July - 30 September 2020	Unaudited / prior period 1 July - 30 September 2019
Revenue	14	16,887,317	14,566,003	5,782,549	5,238,724
Cost of Sales (-)	15	(12,220,389)	(10,349,349)	(4,170,808)	(3,738,213)
GROSS PROFIT		4,666,928	4,216,654	1,611,741	1,500,511
General Administrative Expenses (-)	16	(1,761,196)	(1,510,710)	(591,282)	(519,663)
Other Income from Operating Activities	17	508,570	271,151	232,465	94,260
Other Expenses from Operating Activities (-)	17	(635,335)	(615,547)	(140,739)	(237,266)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		2,778,967	2,361,548	1,112,185	837,842
Finance Income	18	28,300	172,731	17,324	96,162
Finance Expense (-)	18	(1,074,927)	(1,427,615)	(313,600)	(495,811)
PROFIT BEFORE TAX		1,732,340	1,106,664	815,909	438,193
Tax Expense		(385,452)	(316,724)	(177,335)	(107,094)
Current Tax Expense (-)	19	(357,356)	(369,239)	(223,623)	(133,244)
Deferred Tax (Expense) / Income	19	(28,096)	52,515	46,288	26,150
PROFIT FOR THE PERIOD		1,346,888	789,940	638,574	331,099
OTHER COMPREHENSIVE INCOME AND EXPENSE					
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		128,823	(26,289)	47,755	(75,382)
<i>Gains / (Losses) on Hedges</i>	21	164,200	(34,221)	60,765	(79,240)
<i>Income Tax Relating to Other Comprehensive Income</i>	19	(35,377)	7,932	(13,010)	3,858
TOTAL COMPREHENSIVE INCOME		1,475,711	763,651	686,329	255,717
Earnings per share					
Earnings per share (kr)	13	1.14	0.67	0.54	0.28

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

					Accumulated Other Comprehensive (Expenses) not to be Reclassified to Profit or Loss in Subsequent Periods	Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods			
	Share Capital	Adjustment to Share Capital	Restricted Profit Reserves	Other Funds	Accumulated Loss on Remeasurement of Defined Benefit Plans	Hedge Reserves	Retained Earnings	Profit for the Period	Total Equity
Balance as at 1 January 2019	1,181,069	2,784,755	216,612	4,340	(3,464)	23,359	1,344,547	747,697	6,298,915
Transfers (*)	-	(158,223)	34,933	-	-	-	870,987	(747,697)	-
Dividend	-	-	-	-	-	-	(472,427)	-	(472,427)
Total comprehensive income	-	-	-	-	-	(26,289)	-	789,940	763,651
Balance as at 30 September 2019	1,181,069	2,626,532	251,545	4,340	(3,464)	(2,930)	1,743,107	789,940	6,590,139
Balance as at 1 January 2020	1,181,069	2,626,532	251,545	4,340	(3,464)	(2,248)	1,743,107	1,033,622	6,834,503
Transfers (*)	-	(210,120)	233,833	-	-	-	1,009,909	(1,033,622)	-
Dividend (**)	-	-	-	-	-	-	(708,641)	-	(708,641)
Total comprehensive income	-	-	-	-	-	128,823	-	1,346,888	1,475,711
Balance as at 30 September 2020	1,181,069	2,416,412	485,378	4,340	(3,464)	126,575	2,044,375	1,346,888	7,601,573

(*) In the statutory financial statement prepared in accordance with the tax procedure law, the loss for previous years amounting to TL 210,120 has been netted off with adjustments to share capital (30 September 2019: TL 158,223).

(**) During the Ordinary General Assembly held on 23 March 2020, it has been resolved to distribute the dividend at the amount of TL 708,641 derived from the Group’s distributable earnings in 2019 and pay the cash dividend beginning from 1 April 2020. Dividends were paid out in cash in April 2020. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 0.60 (full digit) (2019: TL 0.40 (full digit)).

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

		Unaudited / current period 1 January - 30 September 2020	Unaudited / prior period 1 January - 30 September 2019
	Notes		
Cash Flows from Operating Activities		2,287,688	2,105,160
Profit for the period		1,346,888	789,940
Profit for the period		1,346,888	789,940
Adjustments to reconcile net profit for the period		749,546	1,077,915
Adjustments related to the depreciation and amortization	9, 10, 11	301,221	268,076
Adjustments related to the depreciation of right of use assets	9	58,203	45,515
Adjustments related to the depreciation of property, plant and equipment	10	66,546	49,662
Adjustments related to the amortization of intangible assets	11	176,472	172,899
Adjustments related to impairment loss		581,469	630,220
Adjustments related to doubtful provision expenses	6, 8	581,469	630,220
Adjustments related to provisions		93,884	40,111
Adjustments related to provisions for employee benefits		45,358	32,581
Adjustments related to legal case provisions		26,526	7,530
Adjustments related to interest (income) and expenses, net		1,015,060	1,304,082
Adjustments related to interest income	18	(28,300)	(123,533)
Adjustments related to interest expense	18	1,043,360	1,427,615
Adjustments related to unrealized foreign exchange loss		182,544	(132,415)
Adjustments related to tax expense	19	385,452	316,724
Adjustments related to change in fair value losses / (gains)		(195,247)	96,440
Other adjustments to reconcile profit / (loss)	23	(1,614,837)	(1,445,323)
Adjustments related to interest (income) / expense based on revenue cap regulation	17	(30,556)	(8,299)
Adjustments related to financial income from service concession arrangements	8, 14	(1,687,484)	(1,497,306)
Adjustments related to revaluation differences arising from deposits and guarantees	17	103,203	60,282
Changes in operating assets and liabilities		(1,305,653)	(871,583)
(Increase) / decrease in trade receivables		(1,270,043)	(307,346)
(Increase) / decrease in inventories		(20,995)	4,450
(Increase) / decrease in other receivables and assets		288,944	433,306
Increase / (decrease) in trade payables		(920,206)	(894,542)
Increase / (decrease) in other payables and expense accruals		616,647	(107,451)
Cash generated from operating activities		790,781	996,272
Payments related with provisions for employee benefits		(47,799)	(29,461)
Payments related with other provisions		-	(107,296)
Tax payments	19	(271,488)	(309,208)
Other cash in-flows	23	1,816,194	1,554,853
Capital expenditures reimbursements related to service concession arrangements	8	1,006,218	793,145
WACC reimbursements related to service concession arrangements	8	684,578	586,121
Collections from doubtful trade receivable	6	125,398	175,587
Cash Flows from Investing Activities		(1,796,488)	(1,187,610)
Cash used for purchase of tangible and intangible assets		(134,407)	(130,838)
Interest received		17,786	135,371
Other cash out-flows	23	(1,552,076)	(1,192,143)
Capital expenditures related to service concession arrangements		(1,552,076)	(1,192,143)
Cash outflows to acquire debt instruments		(127,791)	-
Cash Flows from Financing Activities		(339,705)	(1,155,789)
Cash in-flows from borrowings		14,320,316	15,081,198
Cash out-flows for borrowings		(12,780,521)	(14,174,255)
Repayment of of lease liabilities		(78,938)	(70,783)
Interest paid		(1,091,921)	(1,519,522)
Dividend paid		(708,641)	(472,427)
Increase / (decrease) in cash and cash equivalents		151,495	(238,239)
Cash and cash equivalents at the beginning of the period	23	469,786	562,352
Cash and cash equivalents at the end of the period		621,281	324,113

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Enerjisa Enerji A.Ş. (the "Company") and its subsidiaries will be referred as the "Group" for consolidated financial statements. The Company is established on 26 December 2011 as a joint venture between Hacı Ömer Sabancı Holding A.Ş. ("Sabancı") and Verbund International GmbH ("Verbund International"). On 4 December 2012, Verbund and DD Turkey Holdings S.A.R.L., E.ON SE ("E.ON") entered into a Share Purchase Agreement for the sales and transfer of all Verbund shares in the Company to E.ON and the transfer is finalized on 24 April 2013.

The Company is registered to the Capital Markets Board ("CMB") and its shares are publicly traded in Borsa Istanbul A.Ş. ("BIST") with ticker "ENJSA.E" since 8 February 2018. The Company is registered in Turkey and the address of the headquarters is as follows:

Barbaros Mahallesi, Begonya Sokak, Nida Kule Ataşehir Batı Sit. No: 1/1, Ataşehir / İstanbul, Turkey.

The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. On 28 April 2017 as the first stage of the reorganization, the Company merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") by taking over its all assets and liabilities along with its subsidiaries (distribution and retail service companies). On 25 August 2017 as the second stage of the reorganization, the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ"). On 25 September 2017, the Company has sold its subsidiary which operates in solar energy generation to the generation company that is owned by EÜSAŞ. As a result of these transactions, the Company's main activities under the new structure are customer-focused electricity distribution and retail service.

Subsidiaries consolidated in the interim condensed consolidated financial statements as of 30 September 2020 and their activities are as follows:

Başkent Elektrik Dağıtım A.Ş. ("BAŞKENT EDAŞ")	Distribution of electricity
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. ("AYEDAŞ")	Distribution of electricity
Toroslar Elektrik Dağıtım A.Ş. ("TOROSLAR EDAŞ")	Distribution of electricity
Enerjisa Başkent Elektrik Perakende Satış A.Ş. ("EPS")	Retail service of electricity
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. ("AEPSAŞ")	Retail service of electricity
Enerjisa Toroslar Elektrik Perakende Satış A.Ş. ("TOROSLAR EPSAŞ")	Retail service of electricity
Enerjisa Müşteri Çözümleri A.Ş.	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. ("E-şarj")	Electric vehicles and charging stations equipment services

The Group's operations are carried out only in Turkey.

The Group has 10,368 employees as of 30 September 2020 (31 December 2019: 10,240 employees).

The condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on 3 November 2020. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

BAŞKENT EDAŞ and EPS

BAŞKENT EDAŞ has been acquired by EEDAŞ as of 28 January 2009 by privatization bid for the consideration of USD 1,225 million. BAŞKENT EDAŞ currently operates in province including Ankara, Kırıkkale, Kastamonu, Zonguldak, Bartın, Çankırı and Karabük and holds the licence that gives the right for distribution of electricity in these provinces for 30 years starting from the date of Transfer of Operation Rights (“TOR”) agreement signed with Türkiye Elektrik Dağıtım A.Ş. (“TEDAŞ”) on 31 March 2006.

As of 1 January 2013, BAŞKENT EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 12 September 2012, EPS was established with the same shareholder structure and as of 31 December 2012, BAŞKENT EDAŞ has transferred some of its assets and liabilities to EPS, due to the fact that, legal unbundling and the unbundling related transactions have been registered as of 31 December 2012. Starting from 1 January 2013, BAŞKENT EDAŞ has undertaken only the distribution activities. In addition, with the new regulation applied by Energy Market Regulatory Authority (“EMRA”), BAŞKENT EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

AYEDAŞ and AEPSAŞ

AYEDAŞ has been acquired by EEDAŞ as of 31 July 2013 by privatization bid for the consideration of USD 1,227 million. AYEDAŞ currently operates in Anatolian Side of İstanbul and holds the license that gives the right for distribution of electricity in this province until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, AYEDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, AEPSAŞ was established with the same shareholder structure and as of 31 December 2012, AYEDAŞ has transferred some of its assets and liabilities to AEPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and AEPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, AYEDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, AYEDAŞ started retail sales only for illumination customers starting from 1 April 2013.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

TOROSLAR EDAŞ and TOROSLAR EPSAŞ

TOROSLAR EDAŞ has been acquired by EEDAŞ as of 30 September 2013 by privatization bid for the consideration of USD 1,725 million. TOROSLAR EDAŞ currently operates in Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye and holds the license that gives the right for distribution of electricity in these provinces until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, TOROSLAR EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, TOROSLAR EPSAŞ was established with the same shareholder structure and as of 31 December 2012, TOROSLAR EDAŞ has transferred some of its assets and liabilities to TOROSLAR EPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and TOROSLAR EPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, TOROSLAR EDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, TOROSLAR EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

In 2006, EMRA has set a unique pricing mechanism for all of the electricity distribution companies in Turkey which will be effective for the period between 1 January 2006 and 31 December 2012 which is called the “transition period”. In accordance with this pricing mechanism, distribution companies in Turkey have already determined their regional tariffs for the period between 1 January 2006 and 31 December 2010 and by using these regional tariffs, EMRA has already determined the national tariffs for the same period. In December 2010, EMRA has announced a new tariff for the period between 1 January 2011 and 31 December 2015; and also in December 2015, EMRA has announced a new tariff for the period between 2016 and 2020.

Enerjisa Müşteri Çözümleri A.Ş.

Enerjisa Müşteri Çözümleri A.Ş. was established on 29 December 2017, in order to conduct activities in customer solutions and distributed generation.

E-şarj

Enerjisa Müşteri Çözümleri A.Ş., acquired 80% of the shares of E-şarj with an amount of TL 4,000 on 26 April 2018. E-şarj is mainly involved in the operation of charging network for electric vehicles and supply of charging stations equipment.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain assets and liabilities being carried by their fair values.

In order to determine the historical cost, the fair values paid for assets are considered.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”). Interim financial statements do not include all the information and disclosures required to be included in the annual financial statements. In addition, significant accounting policies and significant accounting estimates and assumptions used in the preparation of the interim condensed consolidated financial statements for the period ended 30 September 2020 are consistent with consolidated financial statements as at 31 December 2019 except the ones disclosed in Note 2.5. Therefore, the interim condensed consolidated financial statements should be read and evaluated together with the annual financial statements prepared by the Group as of 31 December 2019.

2.3 Functional and Presentation of Currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira (“TL”), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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

2.4 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group’s consolidated financial statements have been presented comparatively with the prior period.

If the presentation or classification of the current period financial statements is changed, in order to maintain consistency, comparative information are also adjusted or reclassified in line with the related changes. The Group does not have any material reclassifications and adjustments in current period.

2.5 Changes in Accounting Policies

The significant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated.

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from feed-in-tariff cost (“FIT”) and USD denominated energy purchases. Starting from 1 January 2020, the effective portions of the gains or losses from the fair value change of forward exchange contracts are recognized in other comprehensive income in the hedge reserves for the purpose of hedge accounting.

No other changes have been applied to the accounting policies of the Group in the current period.

2.6 Changes and Misstatements in Accounting Estimates

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. No changes have been applied to the accounting estimates of the Group in the current year.

2.7 Going Concern

The Group has prepared its consolidated financial statements in accordance with going concern principle.

2.8 Seasonality of the Group’s operations

The results of Group’s operations do not show a significant change by season.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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

2.9 Basis of Consolidation

The details of the Company’s subsidiaries at 30 September 2020 and 31 December 2019 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		30 September 2020	31 December 2019	
Başkent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Başkent Elektrik Perakende Satış A.Ş.	Ankara	100	100	Electricity retail services
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	İstanbul	100	100	Electricity distribution services
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	İstanbul	100	100	Electricity retail services
Toroslar Elektrik Dağıtım A.Ş.	Adana	100	100	Electricity distribution services
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	Adana	100	100	Electricity retail services
Enerjisa Müşteri Çözümleri A.Ş.	İstanbul	100	100	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	80	80	Electric vehicles and charging stations equipment services

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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

2.9 Basis of Consolidation (Continued)

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, neither goodwill nor negative goodwill are recognized.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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

2.10 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 2020 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2020. 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 at 1 January 2020 are as follows:

- Definition of a Business (Amendments to IFRS 3)
- Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to IFRS 16 – Covid-19 Rent Related Concessions

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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 interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments) (*)
- IFRS 17 - The new Standard for insurance contracts (**)
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities (**)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (**)
- Amendments to IAS 16 – Proceeds before intended use (**)
- Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract (**)
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Annual Improvements – 2018–2020 Cycle (**)

(*) The Group will wait until the final amendment to assess the impacts of the changes.

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 3 - SHARES IN OTHER PARTIES

Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership (%)	
			30 September 2020	31 December 2019
BAŞKENT EDAŞ	Electricity Distribution Services	Ankara	100	100
EPS	Electricity Retail Services	Ankara	100	100
AYEDAŞ	Electricity Distribution Services	İstanbul	100	100
AEPSAŞ	Electricity Retail Services	İstanbul	100	100
TOROSLAR EDAŞ	Electricity Distribution Services	Adana	100	100
TOROSLAR EPSAŞ	Electricity Retail Services	Adana	100	100
Enerjisa Müşteri Çözümleri A.Ş.	Customer Solutions and Distributed Generation Services	İstanbul	100	100
E-şarj	Charging Stations Equipment Services	İstanbul	80	80

Principal Activity	Place of incorporation and operation	Number of subsidiaries owned by the Group	
		30 September 2020	31 December 2019
Electricity Distribution Services	Ankara, İstanbul, Adana	3	3
Electricity Retail Services	Ankara, İstanbul, Adana	3	3
Customer Solutions and Distributed Generation Services	İstanbul	1	1
Electric Vehicles and Charging Stations Equipment Services	İstanbul	1	1

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING

The business activities of the Group are managed and organized according to the services provided in the electricity market. The Group has two main operating segments; electricity distribution and retail. The principal activity of distribution segment is the transmission of electricity over lines to the end users through distribution networks, by also providing infrastructure investments due to the regulated tariffs announced by EMRA; whereas the retail segment conduct retail sales of electricity to the customers. Enerjisa Müşteri Çözümleri A.Ş.’s and E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.’s activities are also disclosed under Retail segment. The Group performs segment reporting according to IFRS 8 in order to provide unbiased and transparent information to the investor. The Group management follows the performance of the business segments with operating profit and net profit for the period, as well as financial and non-financial indicators. In addition to the requirements for segment reporting, Group management have included this information in their reporting footnotes, considering that some financial statement readers may use this information in their analyzes.

The following table contains information on the Group's sales and profit from its operations for the nine months and three months periods ended 30 September 2020 and 30 September 2019.

1 January - 30 September 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	5,925,743	10,959,878	22,126	(20,430)	16,887,317
Cost of sales (-)	(1,983,381)	(10,237,008)	-	-	(12,220,389)
Gross profit / (loss)	3,942,362	722,870	22,126	(20,430)	4,666,928
General administrative expenses (-)	(1,290,887)	(298,332)	(196,476)	24,499	(1,761,196)
Other income / (expense) from operating activities - net	(181,380)	63,558	(4,874)	(4,069)	(126,765)
Operating profit / (loss)	2,470,095	488,096	(179,224)	-	2,778,967
Financial income	166,946	145,402	(26,772)	(257,276)	28,300
Financial expense (-)	(975,987)	(22,781)	(333,435)	257,276	(1,074,927)
Profit / (loss) before taxation on income	1,661,054	610,717	(539,431)	-	1,732,340
Current tax expense (-)	(269,872)	(87,484)	-	-	(357,356)
Deferred tax income / (expense)	(88,837)	(46,280)	107,021	-	(28,096)
Net profit / (loss) for the period	1,302,345	476,953	(432,410)	-	1,346,888

(*) TL 156,068 of TL 301,221 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 11), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 30 September 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	5,112,572	9,451,620	24,608	(22,797)	14,566,003
Cost of sales (-)	(1,521,575)	(8,827,774)	-	-	(10,349,349)
Gross profit / (loss)	3,590,997	623,846	24,608	(22,797)	4,216,654
General administrative expenses (-)	(1,088,575)	(251,672)	(197,154)	26,691	(1,510,710)
Other income / (expense) from operating activities - net	(340,605)	(7,375)	7,478	(3,894)	(344,396)
Operating profit / (loss)	2,161,817	364,799	(165,068)	-	2,361,548
Financial income	13,897	395,204	393,140	(629,510)	172,731
Financial expense (-)	(1,285,154)	(20,732)	(751,239)	629,510	(1,427,615)
Profit / (loss) before taxation on income	890,560	739,271	(523,167)	-	1,106,664
Current tax expense (-)	(45,244)	(323,995)	-	-	(369,239)
Deferred tax income / (expense)	(141,697)	164,046	30,166	-	52,515
Net profit / (loss) for the period	703,619	579,322	(493,001)	-	789,940

(*) TL 156,068 of TL 268,076 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 11), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

1 July - 30 September 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	1,930,570	3,851,597	6,697	(6,315)	5,782,549
Cost of sales (-)	(610,900)	(3,559,908)	-	-	(4,170,808)
Gross profit / (loss)	1,319,670	291,689	6,697	(6,315)	1,611,741
General administrative expenses (-)	(428,076)	(104,116)	(66,836)	7,746	(591,282)
Other income / (expense) from operating activities - net	78,776	19,270	(4,889)	(1,431)	91,726
Operating profit / (loss)	970,370	206,843	(65,028)	-	1,112,185
Financial income	61,985	47,837	(27,970)	(64,528)	17,324
Financial expense (-)	(288,023)	(9,356)	(80,749)	64,528	(313,600)
Profit / (loss) before taxation on income	744,332	245,324	(173,747)	-	815,909
Current tax expense (-)	(142,924)	(80,699)	-	-	(223,623)
Deferred tax income / (expense)	(9,519)	21,879	33,928	-	46,288
Net profit / (loss) for the period	591,889	186,504	(139,819)	-	638,574

(*) TL 52,594 of TL 102,646 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 11), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

1 July - 30 September 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	1,805,751	3,434,303	8,237	(9,567)	5,238,724
Cost of sales (-)	(536,082)	(3,202,131)	-	-	(3,738,213)
Gross profit / (loss)	1,269,669	232,172	8,237	(9,567)	1,500,511
General administrative expenses (-)	(377,722)	(86,897)	(65,966)	10,922	(519,663)
Other income / (expense) from operating activities - net	(117,639)	(26,699)	2,687	(1,355)	(143,006)
Operating profit / (loss)	774,308	118,576	(55,042)	-	837,842
Financial income	12,044	128,709	144,419	(189,010)	96,162
Financial expense (-)	(478,862)	(7,664)	(198,295)	189,010	(495,811)
Profit / (loss) before taxation on income	307,490	239,621	(108,918)	-	438,193
Current tax expense (-)	(7,710)	(125,534)	-	-	(133,244)
Deferred tax income / (expense)	(57,421)	73,052	10,519	-	26,150
Net profit / (loss) for the period	242,359	187,139	(98,399)	-	331,099

(*) TL 52,594 of TL 87,406 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 11), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial position of its business segments related to the periods ended 30 September 2020 and 31 December 2019.

As at 30 September 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	76,318	544,816	147	-	621,281
Trade receivables	2,118,633	2,178,301	3,585	(718,834)	3,581,685
Inventories	150,745	2,203	-	-	152,948
Derivative instruments	122,977	176,923	-	-	299,900
Financial assets	11,837,302	-	(1,068)	-	11,836,234
Right of use assets	74,754	42,206	5,058	-	122,018
Property, plant and equipment	470,348	71,957	3,350	(7,000)	538,655
Intangible assets	9,030	33,239	6,332,039	-	6,374,308
Deferred tax assets	-	57,356	183,359	-	240,715
Other receivables and assets	1,301,026	1,866,886	3,408,731	(4,896,501)	1,680,142
Total assets	16,161,133	4,973,887	9,935,201	(5,622,335)	25,447,886
Segment liabilities					
Financial liabilities	7,246,220	48,633	5,574,295	(2,232,451)	10,636,697
Other financial liabilities	426,340	-	-	-	426,340
Trade payables	630,738	1,765,902	5,122	(718,834)	1,682,928
Deferred tax liabilities	665,389	2,612	870,015	-	1,538,016
Other payables and liabilities	2,313,390	2,401,665	1,511,327	(2,664,050)	3,562,332
Total liabilities	11,282,077	4,218,812	7,960,759	(5,615,335)	17,846,313

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 11).

(*) As of 30 September 2020, the Group has recorded an impairment provision of TL 1,068 for its financial assets in accordance with IFRS 9 Financial Instruments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

As at 31 December 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	270,558	199,146	82	-	469,786
Trade receivables	1,940,517	1,672,994	2,325	(606,381)	3,009,455
Inventories	129,230	2,723	-	-	131,953
Derivative instruments	-	8,789	-	-	8,789
Financial assets	10,544,328	-	(492)	-	10,543,836
Right of use assets	107,944	31,093	6,446	-	145,483
Property, plant and equipment	425,856	61,950	2,737	(7,000)	483,543
Intangible assets	10,567	48,664	6,489,174	-	6,548,405
Deferred tax assets	-	136,401	107,639	-	244,040
Other receivables and assets	1,489,057	2,435,412	3,724,664	(5,838,965)	1,810,168
Total assets	14,918,057	4,597,172	10,332,575	(6,452,346)	23,395,458
Segment liabilities					
Financial liabilities	5,220,497	36,318	4,745,481	(931,818)	9,070,478
Other financial liabilities	353,898	-	-	-	353,898
Trade payables	1,610,018	1,597,266	10,717	(606,381)	2,611,620
Derivative instruments	62,961	3,694	-	-	66,655
Deferred tax liabilities	576,550	-	901,318	-	1,477,868
Other payables and liabilities	3,446,908	2,303,426	2,137,249	(4,907,147)	2,980,436
Total liabilities	11,270,832	3,940,704	7,794,765	(6,445,346)	16,560,955

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 11).

(*) As of 31 December 2019, the Group has recorded an impairment provision of TL 492 for its financial assets in accordance with IFRS 9 Financial Instruments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 30 September 2020	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	2,174,901	134,659	(21,872)	-	2,287,688
Profit for the period	1,302,345	476,953	(432,410)	-	1,346,888
Adjustments to reconcile net profit for the period	64,410	272,691	412,445	-	749,546
Changes in operating assets and liabilities	(777,016)	(529,699)	1,062	-	(1,305,653)
Cash generated from operating activities	589,739	219,945	(18,903)	-	790,781
Tax payments	(161,378)	(110,110)	-	-	(271,488)
Other cash inflows / (outflows)	1,746,540	24,824	(2,969)	-	1,768,395
Cash Flows from Investing Activities	(1,780,047)	105,378	306,114	(427,933)	(1,796,488)
Cash used for purchase of property, plant and equipment and intangible assets	(100,180)	(31,320)	(2,907)	-	(134,407)
Interest received	-	136,698	309,021	(427,933)	17,786
Other cash out-flows (*)	(1,552,076)	-	-	-	(1,552,076)
Cash outflows to acquire debt instruments	(127,791)	-	-	-	(127,791)
Cash Flows from Financing Activities	(589,094)	105,633	(284,177)	427,933	(339,705)
Increase / (decrease) in cash and cash equivalents	(194,240)	345,670	65	-	151,495
Cash and cash equivalents at the beginning of the period	270,558	199,146	82	-	469,786
Cash and cash equivalents at the end of the period	76,318	544,816	147	-	621,281

(*) Other cash out-flows include capital expenditures related to service concession arrangements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 30 September 2019	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	1,181,724	904,897	18,539	-	2,105,160
Profit for the period	703,619	579,322	(493,001)	-	789,940
Adjustments to reconcile net profit for the period	598,467	44,151	435,297	-	1,077,915
Changes in operating assets and liabilities	(1,527,941)	631,756	24,602	-	(871,583)
Cash generated from operating activities	(225,855)	1,255,229	(33,102)	-	996,272
Tax payments	(47,030)	(260,929)	(1,249)	-	(309,208)
Other cash inflows / (outflows)	1,454,609	(89,403)	52,890	-	1,418,096
Cash Flows from Investing Activities	(1,278,064)	376,476	392,446	(678,468)	(1,187,610)
Cash used for purchase of property, plant and equipment and intangible assets	(85,921)	(34,083)	(10,834)	-	(130,838)
Interest received	-	410,559	403,280	(678,468)	135,371
Other cash out-flows (*)	(1,192,143)	-	-	-	(1,192,143)
Cash Flows from Financing Activities	(11,074)	(1,435,968)	(387,215)	678,468	(1,155,789)
Increase / (decrease) in cash and cash equivalents	(107,414)	(154,595)	23,770	-	(238,239)
Cash and cash equivalents at the beginning of the period	261,559	300,696	97	-	562,352
Cash and cash equivalents at the end of the period	154,145	146,101	23,867	-	324,113

(*) Other cash out-flows include capital expenditures related to service concession arrangements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS

The immediate parents and ultimate controlling parties of the Group are Sabancı (incorporated in Turkey) and E.ON (incorporated in Germany). Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties are classified according to the following groups and include all related party disclosures:

- (1) Sabancı Holding and E.ON group companies
- (2) Shareholder

Details of transactions between the Group and other related parties are disclosed below:

Related Party Bank Balances- Akbank T.A.Ş. (1)	30 September 2020	31 December 2019
Demand deposits	31,253	29,767
Time deposits	493,165	263,831
	524,418	293,598

			30 September 2020	
Loans provided by related parties	Original currency	Maturity	Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	13 November 2020	103,907	-
Akbank T.A.Ş. (1)	TL	23 November 2020	103,932	-
Akbank T.A.Ş. (1)	TL	24 November 2020	181,850	-
Akbank T.A.Ş. (1)	TL	10 December 2020	34,523	-
Akbank T.A.Ş. (1)	TL	10 December 2020	69,083	-
Akbank T.A.Ş. (1)	TL	25 December 2020	155,499	-
Akbank T.A.Ş. (1)	EUR	15 December 2021	64,124	-
Akbank T.A.Ş. (1)	TL	25 February 2021	151,170	-
Akbank T.A.Ş. (1)	TL	8 March 2021	100,781	-
Akbank T.A.Ş. (1)	TL	11 May 2021	20,102	-
Akbank T.A.Ş. (1)	TL	11 May 2021	20,157	-
Akbank T.A.Ş. (1)	TL	7 February 2022	2,994	200,000
Akbank T.A.Ş. (1)	TL	17 May 2022	1,997	100,000
Akbank T.A.Ş. (1)	TL	17 May 2022	6,151	300,000
Akbank T.A.Ş. (1)	TL	18 May 2022	1,753	100,000
Akbank T.A.Ş. (1)	TL	16 June 2022	5,092	200,000
Akbank T.A.Ş. (1)	TL	16 June 2022	10,299	400,000
Akbank T.A.Ş. (1)	TL	27 June 2022	1,126	125,000
Akbank T.A.Ş. (1)	TL	27 June 2022	596	100,000
Akbank T.A.Ş. (1)	TL	27 June 2022	901	100,000
Akbank T.A.Ş. (1)	TL	27 June 2022	944	100,000
Akbank T.A.Ş. (1)	TL	9 March 2023	5,621	947,000
Akbank T.A.Ş. (1)	TL	9 March 2023	580	100,000
Akbank T.A.Ş. (1)	TL	9 March 2023	1,161	200,000
Akbank T.A.Ş. (1)	TL	9 March 2023	277	50,000
Akbank T.A.Ş. (1)	TL	9 March 2023	13	100,000
			1,044,633	3,122,000

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

As of 30 September 2020, the interest rates of fixed rated TL related party loans utilized are in the range of 8.40% - 9.98%. (31 December 2019: fixed rated TL loans: 10.24% - 18.38%). As of 30 September 2020, the interest rate of EUR related party loans utilized is 3.68% (31 December 2019: USD 6.27%).

As of 30 September 2020 and 31 December 2019, the Group has not given any collateral for the loans.

Loans provided by related parties	Original currency	Maturity	31 December 2019	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	2 January 2020	65,200	-
Akbank T.A.Ş. (1)	TL	9 January 2020	512,032	-
Akbank T.A.Ş. (1)	USD	30 April 2020	36,032	-
Akbank T.A.Ş. (1)	TL	2 June 2020	304,016	-
Akbank T.A.Ş. (1)	TL	2 June 2020	151,814	-
Akbank T.A.Ş. (1)	TL	30 September 2020	313,685	-
Akbank T.A.Ş. (1)	TL	9 September 2021	7,401	100,000
Akbank T.A.Ş. (1)	TL	4 October 2021	5,947	100,000
Akbank T.A.Ş. (1)	TL	4 October 2021	6,073	100,000
Akbank T.A.Ş. (1)	TL	4 October 2021	5,808	100,000
Akbank T.A.Ş. (1)	TL	28 March 2022	7,659	200,000
Akbank T.A.Ş. (1)	TL	28 March 2022	1,873	50,000
Akbank T.A.Ş. (1)	TL	28 March 2022	3,933	100,000
Akbank T.A.Ş. (1)	TL	11 April 2022	17,514	450,000
Akbank T.A.Ş. (1)	TL	29 July 2022	11,559	297,000
			<u>1,450,546</u>	<u>1,497,000</u>

Related party derivative instruments – Akbank T.A.Ş. (1)

	30 September 2020			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	<u>136,244</u>	<u>34,861</u>	<u>1,382,008</u>	<u>171,776</u>	<u>-</u>
	<u>136,244</u>	<u>34,861</u>	<u>1,382,008</u>	<u>171,776</u>	<u>-</u>
	31 December 2019			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	<u>121,147</u>	<u>44,000</u>	<u>1,012,264</u>	<u>3,914</u>	<u>(43,584)</u>
Cross currency swap	<u>6,000</u>	<u>-</u>	<u>35,641</u>	<u>-</u>	<u>(3,233)</u>
	<u>127,147</u>	<u>44,000</u>	<u>1,047,905</u>	<u>3,914</u>	<u>(46,817)</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	30 September 2020	
	Receivables	Payables
	Current	Current
	Trade	Trade
Balances with Related Parties		
Akbank T.A.Ş. (1)	3,648	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	824	-
Aksigorta A.Ş. (1)	4	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	64	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	26	-
Carrefoursa A.Ş. (1)	13,605	-
Çimsa Çimento Sanayi A.Ş. (1)	1	-
Enerjisa Üretim Santralleri A.Ş. (1)	129	129,592
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	721	4
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	1,181
Teknosa İç ve Dış Ticaret A.Ş. (1)	486	-
	<u>19,508</u>	<u>130,777</u>
	31 December 2019	
	Receivables	Payables
	Current	Current
	Trade	Trade
Balances with Related Parties		
Akbank T.A.Ş. (1)	5,202	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	1	-
Aksigorta A.Ş. (1)	4	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	95	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	41	768
Carrefoursa A.Ş. (1)	10,792	-
Çimsa Çimento Sanayi A.Ş. (1)	149	-
Enerjisa Üretim Santralleri A.Ş. (1)	46	94,811
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	594	22
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	1,196
Teknosa İç ve Dış Ticaret A.Ş. (1)	513	109
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	199	-
Other (1)	43	-
	<u>17,679</u>	<u>96,906</u>

(*) Includes IT consulting and software fees that are billed to the Group companies by Sabancı DX one of the Group companies.

(**) Short-term trade receivables and payables include the billings of the Group related to electricity sales to one of the shareholders, Sabancı.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

Key management includes Chairman and members of the Board of Directors, General Manager, Heads of Units and Directors. The compensation paid or payable to key management for employee services is shown below:

	1 January - 30 September 2020	1 January - 30 September 2019
Short-term employee benefits	25,124	21,813
Long-term employee benefits	702	511
	<u>25,826</u>	<u>22,324</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 30 September 2020					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	46,895	-	17,748	369,107	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	4,081	-	-	-	-	-
Aksigorta A.Ş. (1)	31	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	587	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	235	-	-	-	-	-
Carrefoursa A.Ş. (1)	90,120	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	1,558	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	493	558,319	-	-	74	369
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	4,800	-	-	-	154	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	12,672	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	3,399	-	-	-	61	-
	<u>152,199</u>	<u>558,319</u>	<u>17,748</u>	<u>369,107</u>	<u>12,961</u>	<u>369</u>

(*) Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

(**) Includes electricity sales to Sabancı.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 30 September 2019					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	31,982	-	13,926	377,483	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	22,739	-	-	-	-	-
Aksigorta A.Ş. (1)	37	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	656	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	100	-	-	-	2,788	-
Carrefoursa A.Ş. (1)	70,610	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	17,311	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	321	394,959	-	-	111	1,811
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	5,322	-	-	-	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	569	-	-	-	-	-
Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	133	-	-	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	1,911	-	-	-	9,077	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	3,827	-	-	-	-	-
Other	329	-	-	-	-	-
	<u>155,847</u>	<u>394,959</u>	<u>13,926</u>	<u>377,483</u>	<u>11,976</u>	<u>1,811</u>

(*) Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

(**) Includes electricity sales to Sabancı.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

6.1 Trade Receivables

	30 September 2020	31 December 2019
<u>Current Trade Receivables</u>		
Trade receivables	6,092,912	5,068,991
Due from related parties (Note 5)	19,508	17,679
Allowance for doubtful receivables (-)	(2,530,735)	(2,077,215)
	<u>3,581,685</u>	<u>3,009,455</u>

As of 30 September 2020, trade receivables amounting TL 2,630,718 (31 December 2019: TL 2,164,701) were neither past due nor impaired. Interest is charged at 1.6% for the period of 1 January 2020 – 30 September 2020, (31 December 2019: at 2% for 1 January 2019 – 30 June 2019, at 2.5% for the period of 1 July 2019 – 30 September 2019 and at 2% for the period of 1 October 2019 – 31 December 2019) per month on the overdue receivable balances.

As of 30 September 2020, trade receivables amounting TL 950,967 (31 December 2019: TL 844,754) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020	31 December 2019
Up to 1 months	512,626	436,893
1 to 3 months	259,233	238,685
Over 3 months	179,108	169,176
	<u>950,967</u>	<u>844,754</u>

The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non-overdue receivables.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

6.1 Trade Receivables (Continued)

Movement of allowance for the doubtful trade receivables are as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	(2,077,215)	(1,705,247)
Charge for the period	(580,893)	(634,894)
Amounts collected during the period	125,398	175,587
Write offs	1,975	-
Closing balance	<u>(2,530,735)</u>	<u>(2,164,554)</u>

The Group received guarantee letters amounting to TL 992,879 (31 December 2019: TL 976,850) and deposits and guarantees amounting to TL 1,996,805 (31 December 2019: TL 1,903,683) as collateral for its electricity receivables.

6.2 Trade Payables

	30 September 2020	31 December 2019
<u>Current Trade Payables</u>		
Trade payables	1,552,151	2,514,714
Due to related parties (Note 5)	130,777	96,906
	<u>1,682,928</u>	<u>2,611,620</u>

Trade payables mainly arise from the Group’s electricity purchases from Türkiye Elektrik A.Ş. (“EÜAŞ”) and Enerji Piyasaları İşletme A.Ş. (“EPIAŞ”). The average maturity of the payables related to electricity purchases is between 18 - 20 days.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

7.1 Other Receivables

	30 September 2020	31 December 2019
Other Current Receivables		
Income accruals (*)	843,284	1,004,443
Receivables from personnel	177	32
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	28,661	21,094
	<u>868,999</u>	<u>1,022,446</u>
	30 September 2020	31 December 2019
Other Non-Current Receivables		
Deposits and guarantees given (**)	338,845	306,667
Income accruals (*)	141,570	309,699
Other sundry receivables (***)	145,029	121,370
	<u>625,444</u>	<u>737,736</u>

(*) According to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations the Group’s distribution, transmission and meter reading services are subject to revenue caps. Realized revenue is determined in a way to cover operating expenses and investment requirements related to distribution, transmission and meter reading. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş.. These regulations guarantee revenue to the Group regardless of the consumption level. The under billings or overbillings made by the Group are calculated at every year end and are adjusted through the tariffs to be effective in two years by EMRA. The effects of the under billings, which means the actual revenue is below the revenue cap set by EMRA, are accounted as income accruals at the Group’s accompanying consolidated financial statements.

(**) The balance represents subscription fees refunded to the subscribers, subscribed before 31 March 2006 for EPS and 24 July 2006 for AEPSAŞ and TOROSLAR EPSAŞ (Note 1) when they leave the system. The balances were paid to the subscribers based on their indexed amounts as required by EMRA periodically. According to the TOR Agreement signed with TEDAŞ, retail companies (EPS, AEPSAŞ and TOROSLAR EPSAŞ) are obliged to keep deposits refunded with their fair values and the net balance of deposits received and paid will be paid back to TEDAŞ at the end of the license periods.

(***) The Group management has assessed that the severance payment provision can be taken with the revenue requirement according to the tariff structure changing with the third tariff period and has imposed an accrued income for the severance payment provision calculated.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	(3,123)	(3,123)
Closing balance	(3,123)	(3,123)

7.2 Other Payables

	30 September 2020	31 December 2019
Other Current Payables		
Deposits received	31,811	23,603
Lighting payables	43,236	43,236
Other	89,926	107,821
	<u>164,973</u>	<u>174,660</u>
Other Non-Current Payables		
Deposits received (*)	1,996,805	1,903,683
	<u>1,996,805</u>	<u>1,903,683</u>

(*) The Group receives deposits from the customers subscribed after 31 March 2006 for EPS and 24 July 2006 for AEPSAŞ and TOROSLAR EPSAŞ (Note 1) upon their subscription on behalf of TEDAŞ and these deposits are initially recorded at their fair values as the subscription fee charged to customers represents the fees announced by EMRA. According to the TOR Agreements signed with TEDAŞ, retail companies (EPS, AEPSAŞ and TOROSLAR EPSAŞ) are obliged to carry the deposits received by their revalued amounts and the net balance of deposits received and paid will be paid back to TEDAŞ at the end of the license period.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 8 – FINANCIAL ASSETS

	Financial assets	
	30 September 2020	31 December 2019
Within one year	2,018,369	1,098,550
1-3 years	3,724,607	3,613,964
3-5 years	2,562,272	2,269,850
More than 5 years	3,530,986	3,561,472
	<u>11,836,234</u>	<u>10,543,836</u>
Current financial assets	2,018,369	1,098,550
Non - current financial assets	9,817,865	9,445,286
	<u>11,836,234</u>	<u>10,543,836</u>
	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	10,543,836	9,294,635
Investments	1,296,286	828,526
Collections	(1,690,796)	(1,379,266)
<i>CAPEX reimbursements</i>	<i>(1,006,218)</i>	<i>(793,145)</i>
<i>WACC reimbursements</i>	<i>(684,578)</i>	<i>(586,121)</i>
Financial income	1,687,484	1,497,306
Fair value difference and other	-	(10,025)
(Provision) / reversal of impairment for financial assets	(576)	4,674
Closing balance	<u>11,836,234</u>	<u>10,235,850</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 9 – RIGHT OF USE ASSETS

	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2020	76,916	141,989	218,905
Additions	20,638	12,981	33,619
Variable lease payment adjustment	1,119	-	1,119
Closing balance as of 30 September 2020	<u>98,673</u>	<u>154,970</u>	<u>253,643</u>
Accumulated Depreciation			
Opening balance as of 1 January 2020	(19,163)	(54,259)	(73,422)
Charge for the period	(15,657)	(42,546)	(58,203)
Closing balance as of 30 September 2020	<u>(34,820)</u>	<u>(96,805)</u>	<u>(131,625)</u>
Carrying value as of 30 September 2020	<u>63,853</u>	<u>58,165</u>	<u>122,018</u>
Cost			
Opening balance as of 1 January 2019	56,797	76,869	133,666
Additions	18,362	60,620	78,982
Closing balance as of 30 September 2019	<u>75,159</u>	<u>137,489</u>	<u>212,648</u>
Accumulated Depreciation			
Opening balance as of 1 January 2019	-	-	-
Charge for the period	(11,232)	(34,283)	(45,515)
Closing balance as of 30 September 2019	<u>(11,232)</u>	<u>(34,283)</u>	<u>(45,515)</u>
Carrying value as of 30 September 2019	<u>63,927</u>	<u>103,206</u>	<u>167,133</u>

Depreciation expense of TL 58,203 is accounted in general administrative expenses. (30 September 2019: TL 45,515).

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost					
Opening balance as of 1 January 2020	360,798	15,116	176,536	40,549	592,999
Additions	84,482	-	19,311	17,865	121,658
Closing balance as of 30 September 2020	445,280	15,116	195,847	58,414	714,657
Accumulated Depreciation					
Opening balance as of 1 January 2020	(61,603)	(8,268)	(39,585)	-	(109,456)
Charge for the period	(35,513)	(3,627)	(27,406)	-	(66,546)
Closing balance as of 30 September 2020	(97,116)	(11,895)	(66,991)	-	(176,002)
Carrying value as of 30 September 2020	348,164	3,221	128,856	58,414	538,655

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost					
Opening balance as of 1 January 2019	238,239	14,760	107,307	42,429	402,735
Additions	34,055	-	57,093	14,176	105,324
Closing balance as of 30 September 2019	272,294	14,760	164,400	56,605	508,059
Accumulated Depreciation					
Opening balance as of 1 January 2019	(26,693)	(3,551)	(13,710)	-	(43,954)
Charge for the period	(28,525)	(3,450)	(17,687)	-	(49,662)
Closing balance as of 30 September 2019	(55,218)	(7,001)	(31,397)	-	(93,616)
Carrying value as of 30 September 2019	217,076	7,759	133,003	56,605	414,443

	<u>Useful Life</u>
Plant, machinery and equipment	5 years
Motor vehicles	3 years
Furniture and fixtures	5 years

Depreciation expense of TL 63,377 and TL 3,169 are accounted in general administrative expenses and cost of sales, respectively (30 September 2019: general administrative expenses: TL 46,746 and cost of sales: TL 2,916).

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Leasehold improvements	Other intangible assets	Total
Cost							
Opening balance as of 1 January 2020	4,390,673	1,650,121	2,730,031	105,720	4,374	7,452	8,888,371
Additions	-	-	-	2,375	-	-	2,375
Closing balance as of 30 September 2020	<u>4,390,673</u>	<u>1,650,121</u>	<u>2,730,031</u>	<u>108,095</u>	<u>4,374</u>	<u>7,452</u>	<u>8,890,746</u>
Accumulated Amortization							
Opening balance as of 1 January 2020	(1,155,695)	(378,251)	(752,904)	(49,762)	(964)	(2,390)	(2,339,966)
Charge for the period	(113,768)	(42,300)	-	(19,322)	(655)	(427)	(176,472)
Closing balance as of 30 September 2020	<u>(1,269,463)</u>	<u>(420,551)</u>	<u>(752,904)</u>	<u>(69,084)</u>	<u>(1,619)</u>	<u>(2,817)</u>	<u>(2,516,438)</u>
Carrying value as of 30 September 2020	<u>3,121,210</u>	<u>1,229,570</u>	<u>1,977,127</u>	<u>39,011</u>	<u>2,755</u>	<u>4,635</u>	<u>6,374,308</u>
Cost							
Opening balance as of 1 January 2019	4,390,673	1,650,121	2,730,031	69,087	3,917	7,389	8,851,218
Additions	-	-	-	3,593	576	12	4,181
Disposals	-	-	-	-	-	(209)	(209)
Closing balance as of 30 September 2019	<u>4,390,673</u>	<u>1,650,121</u>	<u>2,730,031</u>	<u>72,680</u>	<u>4,493</u>	<u>7,192</u>	<u>8,855,190</u>
Accumulated Amortization							
Opening balance as of 1 January 2019	(1,003,587)	(321,696)	(752,904)	(26,324)	(29)	(1,483)	(2,106,023)
Charge for the period	(113,768)	(42,300)	-	(15,231)	(752)	(848)	(172,899)
Closing balance as of 30 September 2019	<u>(1,117,355)</u>	<u>(363,996)</u>	<u>(752,904)</u>	<u>(41,555)</u>	<u>(781)</u>	<u>(2,331)</u>	<u>(2,278,922)</u>
Carrying value as of 30 September 2019	<u>3,273,318</u>	<u>1,286,125</u>	<u>1,977,127</u>	<u>31,125</u>	<u>3,712</u>	<u>4,861</u>	<u>6,576,268</u>

Amortization expense of TL 176,220 and TL 252 are accounted in general administrative expenses and cost of sales, respectively (30 September 2019: general administrative expenses: TL 172,630 and cost of sales: TL 269).

Customer contracts and related relationships and transfer of operating rights are recognized separately during the business combination according to IFRS 3.

On 31 March 2006 BAŞKENT EDAŞ and on 24 July 2006, AYEDAŞ and TOROSLAR EDAŞ signed TOR Agreements with TEDAŞ. In accordance with the TOR agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, and the other movables and immovable which are crucial for the operation of the distribution facilities to BAŞKENT EDAŞ until the end of 2036 and to AYEDAŞ and TOROSLAR EDAŞ until the end of 2042. Based on the future cash flows fair value of the TOR agreements are determined. The residual value of TOR after the portion recognized as financial asset which calculated based on IFRIC 12 (Note 8) is recognized as intangible asset based on IFRS 3.

The Group recognized TL 3,997 under other intangible assets, in connection with E-şarj purchase price amounting to TL 4,000. TL 200 portion of this price which was accounted as contingent liabilities for 13 months following the purchase transaction is paid to the shareholders in accordance with agreement conditions on 31 May 2019.

In recognition of customer contracts and related relationships; relationships with the different customer groups are identified and a fair value for retail customers is estimated by Group management.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS (Continued)

Customer contracts and related relationships and TOR amortization is calculated on a straight line basis in a range between 25-30 years and charged to operating expenses.

As of 30 September 2020, there is no impairment on goodwill (31 December 2019: None).

NOTE 12 - COMMITMENT AND CONTINGENCIES

<u>30 September 2020</u>	<u>TL Equivalent</u>	<u>TL</u>	<u>USD</u>	<u>EUR</u>
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	8,280	7,897	-	42
- <i>Collateral</i>	8,280	7,897	-	42
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,061,857	2,005,297	7,010	200
- <i>Collateral</i>	2,061,857	2,005,297	7,010	200
Total	<u>2,070,137</u>	<u>2,013,194</u>	<u>7,010</u>	<u>242</u>
<u>31 December 2019</u>	<u>TL Equivalent</u>	<u>TL</u>	<u>USD</u>	<u>EUR</u>
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	7,993	7,714	-	42
- <i>Collateral</i>	7,993	7,714	-	42
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,008,140	1,964,028	7,426	-
- <i>Collateral</i>	2,008,140	1,964,028	7,426	-
Total	<u>2,016,133</u>	<u>1,971,742</u>	<u>7,426</u>	<u>42</u>

Mandatory investments

As the regulated incumbent electricity distribution operator, the Distribution companies have an obligation to make any required expansion investments to the grid infrastructure in order to ensure the security of supply to all customers of the respective region. Such expansion investments are mostly a result of new customer or transmission connection requests as well as new street lighting projects initiated by municipalities that also fall under the regulated activities of Distribution companies.

Energy Sales Agreements

Distribution and retail companies signed Energy Sales Agreements (“ESA”) with EÜAŞ in order to obtain their energy needs during the year. These energy sales agreements have been established based on regulated prices. During the year, the Group is obliged to purchase the energy quantity stated in these agreements. At the current operating conditions and market structure, the Group’s energy needs are higher than the contracted quantities and the Group makes purchases regularly from EPIAŞ. As a result, the Group management does not expect any liability related to the Energy Sales Agreements arising from not fulfilling the requirements of Energy Sales Agreements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

13.1 Share Capital

Shareholders	30 September 2020		31 December 2019	
	Share (%)	TL	Share (%)	TL
Hacı Ömer Sabancı Holding A.Ş.	40	472,427.6	40	472,427.6
DD Turkey Holdings S.A.R.L. (E.ON)	40	472,427.6	40	472,427.6
Other	20	236,213.8	20	236,213.8
	100	1,181,069	100	1,181,069
Adjustment to share capital (*)		2,416,412		2,626,532
Total share capital		3,597,481		3,807,601

(*) Adjustment to share capital, refers to the amount of registered capital as a capital reserve in the statutory capital after the merger and separation processes according to the legislation (Note 1). This amount is classified as capital adjustment differences to comply with IFRS requirements.

With the decision of the Board of Directors on 20 April 2017, Enerjisa Enerji A.Ş. merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") and the subsidiaries of EEDAŞ together with all their assets and liabilities with the takeover method. In addition, on 25 August 2017, the Group's electricity generation and wholesale business areas were separated and structured under another company. As a result of these transactions, necessary corrections are made in the registered share capital and the statutory capital after merger and split has been reached.

As at 30 September 2020, in the statutory financials prepared in accordance with the tax procedure law, the loss for previous years in amount of TL 210,120 has been netted off with adjustments to share capital (30 September 2019: TL 158,223).

As at 30 September 2020, the capital of the Company comprising 118,106,897 thousand (31 December 2019: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2019: TL 0.01 each).

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

13.2 Earnings per share

Earnings per share for each class of share disclosed in the consolidated statements of profit or loss and other comprehensive income is determined by dividing the profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of shares that have been outstanding during the year.

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Profit for the period	1,346,888	789,940	638,574	331,099
Weighted average shares	118,106,896,712	118,106,896,712	118,106,896,712	118,106,896,712
Earnings per share (kr)	1.14	0.67	0.54	0.28

13.3 Restricted Profit Reserves

	30 September 2020	31 December 2019
Restricted Profit Reserves	485,378	251,545
	<u>485,378</u>	<u>251,545</u>

The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, if they do not exceed the capital or issued capital general legal reserves can be used to offset prior year losses or recapitalize the business in case of distress.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 14 - REVENUE

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Revenue from electricity sales and services provided	15,180,964	13,051,667	5,177,195	4,709,246
<i>Retail sales revenue</i>	10,601,993	9,104,751	3,715,708	3,319,039
<i>Regulated revenue</i>	7,972,841	8,172,746	2,634,362	2,943,082
<i>Liberalised revenue</i>	2,629,152	932,005	1,081,346	375,957
<i>Retail service revenue</i>	340,712	331,650	129,228	109,337
<i>Distribution lighting sales revenue</i>	227,894	194,962	71,384	60,781
<i>Distribution service revenue</i>	2,994,047	2,643,713	955,139	938,886
<i>Transmission revenue</i>	1,016,318	776,591	305,736	281,203
Financial income from service concession arrangements (Note 8, 23)	1,687,484	1,497,306	598,311	524,881
Other revenue	18,869	17,030	7,043	4,597
	<u>16,887,317</u>	<u>14,566,003</u>	<u>5,782,549</u>	<u>5,238,724</u>

NOTE 15 - COST OF SALES

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Electricity purchases	(11,198,892)	(9,561,411)	(3,863,139)	(3,455,380)
<i>Retail energy purchases</i>	(10,231,829)	(8,823,113)	(3,557,975)	(3,200,501)
<i>Distribution related energy purchases (*)</i>	(967,063)	(738,298)	(305,164)	(254,879)
System usage fee (**)	(1,016,318)	(776,591)	(305,736)	(281,203)
Depreciation and amortization expenses (Note 10, 11)	(3,421)	(3,185)	(1,114)	(1,083)
Other	(1,758)	(8,162)	(819)	(547)
	<u>(12,220,389)</u>	<u>(10,349,349)</u>	<u>(4,170,808)</u>	<u>(3,738,213)</u>

(*) Includes theft/loss and lighting related electricity purchases.

(**) Includes system usage costs reflected as transmission revenue.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
General administrative expenses (-)	(1,761,196)	(1,510,710)	(591,282)	(519,663)
	<u>(1,761,196)</u>	<u>(1,510,710)</u>	<u>(591,282)</u>	<u>(519,663)</u>

Details of general administrative expenses are as follows:

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Payroll and employee benefit expenses	(842,177)	(722,722)	(284,676)	(247,537)
Depreciation and amortization expenses (Note 9, 10, 11)	(297,800)	(264,891)	(101,532)	(86,323)
Material expenses	(103,650)	(100,051)	(32,945)	(40,660)
Fleet management expenses	(90,824)	(85,308)	(32,446)	(32,990)
Repair and maintenance expenses	(57,825)	(47,217)	(19,373)	(18,292)
Outsourcing expenses	(52,118)	(40,699)	(17,849)	(13,609)
Legal and lawsuit provision expenses	(51,134)	(39,051)	(14,603)	(8,854)
Duties, taxes and levies	(34,146)	(26,305)	(11,333)	(7,569)
Rent expenses	(26,127)	(14,724)	(8,694)	(4,549)
Insurance expenses	(21,821)	(15,480)	(6,817)	(4,948)
Consulting expenses	(18,881)	(12,436)	(6,447)	(4,977)
Travel expenses	(6,534)	(15,493)	(1,141)	(5,541)
Other expenses	(158,159)	(126,333)	(53,426)	(43,814)
	<u>(1,761,196)</u>	<u>(1,510,710)</u>	<u>(591,282)</u>	<u>(519,663)</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 17 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

17.1 Other Income From Operating Activities

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Income from derivative financial instruments - net	224,399	-	110,603	(7,317)
Late payment interest income from electricity receivables	128,688	134,306	47,660	52,544
Power theft penalties	102,300	103,273	52,238	40,941
Interest income related to revenue cap regulation - net (Note 23)	30,556	8,299	10,186	2,767
Rent and advertisement income	12,509	18,819	7,619	6,133
Lawsuit income	9	-	3	-
Reversal of impairment provision on financial assets (Note 8)	-	4,674	(29)	-
Other income	10,109	1,780	4,185	(808)
	<u>508,570</u>	<u>271,151</u>	<u>232,465</u>	<u>94,260</u>

17.2 Other Expenses From Operating Activities

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Provision for doubtful receivables - net (Note 6)	(455,495)	(459,307)	(53,243)	(175,737)
Valuation differences arising from deposits and guarantees (Note 23)	(103,203)	(60,282)	(42,724)	(36,682)
Foreign exchange losses from operating activities	(33,689)	(3,373)	(19,146)	4,200
Penalty expenses	(27,102)	(39,689)	(19,033)	2,222
Impairment provision on financial assets (Note 8)	(576)	-	(576)	-
Losses from derivative financial instruments - net	-	(22,554)	-	(22,554)
Other expenses	(15,270)	(30,342)	(6,017)	(8,715)
	<u>(635,335)</u>	<u>(615,547)</u>	<u>(140,739)</u>	<u>(237,266)</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 18 - FINANCE INCOME AND EXPENSES

18.1 Finance Income

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Interest income	28,300	123,533	17,324	46,964
Foreign exchange gains / (losses) - net	-	49,198	-	49,198
	<u>28,300</u>	<u>172,731</u>	<u>17,324</u>	<u>96,162</u>

18.2 Finance Expenses

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Interest expenses of borrowings	(935,584)	(1,307,926)	(287,853)	(490,119)
Foreign exchange gains / (losses) - net	(31,567)	-	(12,700)	24,411
Bank commission expenses	(107,776)	(119,689)	(13,047)	(30,103)
	<u>(1,074,927)</u>	<u>(1,427,615)</u>	<u>(313,600)</u>	<u>(495,811)</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 19 - TAX ASSETS AND LIABILITIES

	30 September 2020	31 December 2019
<u>Current assets related with current taxes</u>		
Prepaid taxes and funds	22,376	60
	<u>22,376</u>	<u>60</u>
	30 September 2020	31 December 2019
<u>Current tax liability</u>		
Current corporate tax provision	357,356	492,099
Less: Prepaid taxes and funds	(169,439)	(412,366)
	<u>187,917</u>	<u>79,733</u>
	1 January - 30 September 2020	1 January - 30 September 2019
<u>Tax expense recognized in profit or loss</u>		
Current tax expense	(357,356)	(369,239)
Deferred tax income / (expense) relating to the origination and reversal of temporary differences, net	(28,096)	52,515
Total tax expense	<u>(385,452)</u>	<u>(316,724)</u>

Corporate tax

The Group is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the tax-exempt earnings, other exempt income and other deductions (losses of previous periods, investment incentives utilized).

Valid rate of corporate tax in 2020 is 22% (31 December 2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in Turkey. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate was applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. The companies have applied 22% (applied as 22% for 2018, 2019 and 2020 tax periods) tax rate over their quarterly profits when calculating their temporary tax payables; which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th, and pay by the end of the 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 15%. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred tax

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

For calculation of deferred tax assets and liabilities as of 30 September 2020, the rate of 22% is used (2019: 22%).

As of 30 September 2020, the tax rate of 22% is used for the temporary differences expected to be realized/settled within 1 year (2020) for deferred tax calculation. However, 20% tax rate is used for the current differences expected/expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

Deferred tax (assets) / liabilities	30 September 2020	31 December 2019
Differences arising from customer contracts and transfer of operational rights	870,010	901,383
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	421,605	209,127
Carrying amount differences of right of use assets and lease liabilities	(2,753)	(4,282)
Provision for employment termination benefits	459	(2,558)
Provision for doubtful receivables	(36,954)	(29,157)
Provision for lawsuits	(57,242)	(51,560)
Provision for unused vacation	(11,785)	(9,257)
Effect of revenue cap adjustments	180,846	356,114
Late payment penalties	(3,099)	12,443
Carry forward tax losses	(207,782)	(185,827)
Other	143,996	37,402
	<u>1,297,301</u>	<u>1,233,828</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

	30 September 2020	31 December 2019
Deferred tax (asset)	(240,715)	(244,040)
Deferred tax liability	1,538,016	1,477,868
Deferred tax (asset) / liability, net	<u>1,297,301</u>	<u>1,233,828</u>

Movement of deferred tax (assets)/liabilities is as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	1,233,828	1,375,936
Charged to statement of profit or loss	28,096	(52,515)
Charged to other comprehensive income / expense	35,377	(7,932)
Closing balance	<u>1,297,301</u>	<u>1,315,489</u>

Deferred tax assets may only be recognized to the extent it is probable that sufficient taxable profit will be available in the future. In case of a probable tax advantage, deferred income tax asset is calculated for unused carry forward tax losses and unused investment incentive.

At 30 September 2020, the Group recognized deferred tax assets amounting to TL 207,782 for unused carry forward tax losses amounting to TL 1,038,094 since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilise such assets based on the forecasts made (31 December 2019: TL 185,827 and TL 893,806 respectively).

The expiration dates of previous years' losses on which deferred tax asset was recognized are as follows:

	30 September 2020	31 December 2019
Expiring in 2020	270	270
Expiring in 2021	124	75,773
Expiring in 2022	110,452	275,366
Expiring in 2023	192,907	192,907
Expiring in 2024	349,490	349,490
Expiring in 2025	384,851	-
	<u>1,038,094</u>	<u>893,806</u>

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

The expiration dates of previous years’ losses on which deferred tax asset was not recognized are as follows:

	30 September 2020	31 December 2019
Expiring in 2020	77,323	77,323
Expiring in 2021	191,541	191,541
Expiring in 2022	-	-
Expiring in 2023	373,630	373,630
Expiring in 2024	192,664	192,664
	<u>835,158</u>	<u>835,158</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 20 - FINANCIAL INSTRUMENTS

20.1 Financial Liabilities

	30 September 2020	31 December 2019
Short-term borrowings	2,098,758	676,281
Short-term portion of long term lease liabilities	64,494	68,757
Short-term portion of long term bonds issued	664,698	23,978
Short-term portion of long-term borrowings	537,383	2,923,000
	<u>3,365,333</u>	<u>3,692,016</u>
Long-term borrowings	6,305,838	3,857,000
Long-term lease liabilities	80,517	96,906
Long-term bonds issued	885,009	1,424,556
	<u>7,271,364</u>	<u>5,378,462</u>
Total financial liabilities	<u><u>10,636,697</u></u>	<u><u>9,070,478</u></u>

The borrowings and bonds issued are repayable as follows:

	30 September 2020	31 December 2019
To be paid within 1 year	3,300,839	3,623,259
To be paid between 1-2 years	4,341,091	3,302,053
To be paid between 2-3 years	2,453,053	1,766,496
To be paid between 3-4 years	278,710	213,007
To be paid between 4-5 years	117,993	-
	<u><u>10,491,686</u></u>	<u><u>8,904,815</u></u>

As of 30 September 2020 and 31 December 2019, the Group has not given any collateral for the loans obtained.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.1 Financial Liabilities (Continued)

As of 30 September 2020 and 31 December 2019, details of short and long term financial borrowings in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	30 September 2020	
		Current	Non-current
TL		2,507,990	6,305,838
<i>Fixed rate</i>	9.13%	2,241,801	5,178,699
<i>TLREF indexed</i>	TLREF + 1.70%-2.00%	266,189	1,127,139
EUR (*)	2.89%	128,151	-
		<u>2,636,141</u>	<u>6,305,838</u>

Currency	Weighted average effective interest rate	31 December 2019	
		Current	Non-current
TL	15.55%	3,506,117	3,857,000
USD (**)	6.27%	36,022	-
EUR (**)	2.99%	57,142	-
		<u>3,599,281</u>	<u>3,857,000</u>

(*) The Group has invested on EUR government bond with the same maturity of EUR bank loan borrowed on the same date. There is no foreign currency risk related to this transaction.

(**) Foreign currency risks associated with the USD and EUR denominated borrowings of the Group are fully hedged through currency swap instruments.

As of 30 September 2020 and 31 December 2019, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	30 September 2020	
		Current	Non-current
TL	CPI + 4.8%-5.0%	664,698	885,009
		<u>664,698</u>	<u>885,009</u>
Currency	Weighted average effective interest rate (*)	31 December 2019	
		Current	Non-current
TL	CPI + 4.8%-5.0%	23,978	1,424,556
		<u>23,978</u>	<u>1,424,556</u>

(*) As of 30 September 2020, the interest is CPI-indexed variable interest and the annual real coupon rate varies from 4.8% to 5% (31 December 2019: 4.8% - 5%).

As of 30 September 2020, the principal valuation of bonds is TL 531,056 (31 December 2019: TL 422,556).

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.1 Financial Liabilities (Continued)

As of 30 September 2020 and 31 December 2019, details of lease liabilities are as follows:

	30 September 2020	31 December 2019
Short-term portion of long term lease liabilities		
Buildings	16,732	14,200
Vehicles	47,762	54,557
	<u>64,494</u>	<u>68,757</u>
	30 September 2020	31 December 2019
Long-term lease liabilities		
Buildings	55,589	49,219
Vehicles	24,928	47,687
	<u>80,517</u>	<u>96,906</u>

The lease liabilities are repayable as follows:

	30 September 2020	31 December 2019
To be paid within 1 year	64,494	68,757
To be paid between 1-2 years	41,842	51,374
To be paid between 2-3 years	22,963	25,994
To be paid between 3-4 years	10,190	12,436
To be paid between 4-5 years	5,258	4,883
To be paid after 5 years and over	264	2,219
	<u>145,011</u>	<u>165,663</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.2 Other Financial Liabilities

	30 September 2020	31 December 2019
Other current financial liabilities	69,582	51,184
Other non-current financial liabilities	356,758	302,714
	<u>426,340</u>	<u>353,898</u>

The other financial liabilities are repayable as follows:

	30 September 2020	31 December 2019
To be paid within 1 year	69,582	51,184
To be paid between 1-2 years	71,101	50,975
To be paid between 2-3 years	37,876	52,093
To be paid between 3-4 years	39,531	27,900
To be paid between 4-5 years	41,260	29,120
To be paid after 5 years and over	166,990	142,626
	<u>426,340</u>	<u>353,898</u>

As of 30 September 2020 and 31 December 2019, details of short and long term other financial liabilities in terms of currencies are as follows:

Currency	Weighted average effective interest rate	30 September 2020	
		Current	Non-current
EUR	4.70%	69,582	356,758
		<u>69,582</u>	<u>356,758</u>
Currency	Weighted average effective interest rate	31 December 2019	
		Current	Non-current
EUR	4.70%	51,184	302,714
		<u>51,184</u>	<u>302,714</u>

After the acquisition of distribution regions, payment obligations of TEDAŞ denominated in EUR, which are in scope of loan agreements with European Investment Bank and World Bank have been transferred to the Group. Other financial liabilities are composed of EUR payment obligations of distribution companies to TEDAŞ in this scope.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 21 – DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases, unit price investments and foreign currency denominated other financial liabilities. Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loans, the Group entered cross currency swaps transactions. The details and fair values of the agreements as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	213,108	50,184	2,122,032	299,900	-
	<u>213,108</u>	<u>50,184</u>	<u>2,122,032</u>	<u>299,900</u>	<u>-</u>

	31 December 2019				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	276,871	59,600	2,041,045	8,789	(60,148)
Cross currency swap	6,000	8,500	92,171	-	(6,507)
	<u>282,871</u>	<u>68,100</u>	<u>2,133,216</u>	<u>8,789</u>	<u>(66,655)</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 21 – DERIVATIVE INSTRUMENTS (Continued)

As of 30 September 2020 and 30 September 2019, movements of fair value of derivative financial instruments are as follows:

	1 January- 30 September 2020	1 January- 30 September 2019
Opening balance	(57,866)	301,724
Derivative financial (liabilities) / assets at fair value designated through income / expense	195,247	(99,123)
Derivative financial (liabilities) / assets at fair value designated through other comprehensive income / expense (*)	162,519	(302,980)
Total derivative financial (liabilities) / assets	<u>299,900</u>	<u>(100,379)</u>

(*) TL values of the Group’s foreign currency denominated borrowings may increase or decrease as a result of exchange rates fluctuations, in return fair value of cross currency swaps are shown under derivative assets. Fair value differences amounting to TL 162,519 is netted off with the foreign exchange losses from borrowings amounting to TL 1,681, and the net amount, TL 164,200 is accounted to other comprehensive income before tax (30 September 2019: TL 34,221).

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

Risk management is carried out by the finance department. The finance department identifies and evaluates financial risks in close co-operation with the Group’s operating units.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by adjusting the unit price / tariff of the energy sold.

The carrying amount of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed below.

	30 September 2020		
	Total	USD	EUR
	TL equivalent	TL equivalent	TL equivalent
Cash and cash equivalents	68,633	49,135	19,498
Trade receivables	3,304	3,304	-
Financial investments	127,791	-	127,791
Total assets	199,728	52,439	147,289
Financial liabilities (*)	(128,151)	-	(128,151)
Other financial liabilities	(426,340)	-	(426,340)
Trade payables	(274,133)	(255,548)	(18,585)
Total liabilities	(828,624)	(255,548)	(573,076)
Net foreign currency asset position of off-balance sheet derivative	661,085	203,000	458,085
Net foreign currency asset position	32,189	(109)	32,298
Cash flow hedging (**)	1,460,947	1,460,947	-
Net foreign currency position after cash flow hedging	1,493,136	1,460,838	32,298

(*) The Group has invested on EUR government bond with the same maturity of EUR bank loan borrowed on the same date. There is no foreign currency risk related to this transaction.

(**) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost and USD denominated energy purchases which are highly probable in the future; and cross currency swap contracts in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loans. Since it will arise with the realization of highly probable FIT and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 1,460,947 is included at cash flow hedging in the foreign currency position table.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.1 Foreign currency risk management (Continued)

	31 December 2019		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	257,526	215,184	42,342
Trade receivables	1,395	238	1,157
Total assets	258,921	215,422	43,499
Financial liabilities (*)	(93,164)	(36,022)	(57,142)
Other financial liabilities	(353,898)	-	(353,898)
Trade payables	(198,256)	(176,103)	(22,153)
Total liabilities	(645,318)	(212,125)	(433,193)
Net foreign currency asset position of off-balance sheet derivative	2,041,045	1,644,669	396,376
Net foreign currency (liability) position	1,654,648	1,647,966	6,682
Cash flow hedging	92,171	35,641	56,530
Net foreign currency position after cash flow hedging	1,746,819	1,683,607	63,212

(*) Foreign currency risks associated with the USD and EUR denominated loans of the Group are fully hedged through cross currency swap instruments.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR.

The following table details the Group’s sensitivity to a 10% increase and decrease in the TL against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss before taxation on income where the TL strengthens against the relevant currency.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.1 Foreign currency risk management (Continued)

	1 January - 30 September 2020	
	Profit / Loss	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
Change in USD against TL by 10%		
USD net assets / liabilities	(20,311)	20,311
Hedged items (-)	166,395	(166,395)
USD net effect	<u>146,084</u>	<u>(146,084)</u>
Change in EUR against TL by 10%		
EUR net assets / liabilities	(42,579)	42,579
Hedged items (-)	45,809	(45,809)
EUR net effect	<u>3,230</u>	<u>(3,230)</u>
	1 January - 30 September 2019	
	Profit / Loss	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
Change in USD against TL by 10%		
USD net assets / liabilities	(3,050)	3,050
Hedged items (-)	22,836	(22,836)
USD net effect	<u>19,786</u>	<u>(19,786)</u>
Change in EUR against TL by 10%		
EUR net assets / liabilities	(36,941)	36,941
Hedged items (-)	45,215	(45,215)
EUR net effect	<u>8,274</u>	<u>(8,274)</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.2 Interest rate risk management

As of 30 September 2020 and 31 December 2019, the Group has no floating interest rate risk related to CPI indexed bond obligations since the revenues under the concession agreement are also indexed to CPI.

As of 30 September 2020, the Group has TLREF indexed loans with floating interest rate risk. Interest rate risk arising from those loans are managed through perpetually monitoring and analysing market interest rates and carrying out sensitivity analysis for interest rate changes in order to monitor possible cost changes within the scope of risk management activities.

Fair value of financial instruments

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

Categories of financial instruments and fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be at their fair values since they have short term maturities and have little impairment risk.

The carrying value of trade receivables and other receivables which are both discounted and provided provision for doubtful receivables are estimated to be at their fair values.

The amortized cost of financial liabilities with fixed interest rate are considered to approximate their carrying values. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates.

Discounted values of trade payables and other payables are assumed to approximate their respective carrying values.

In the consolidated financial statements, derivative instruments are the only item that is recognized at fair value. The fair value of derivative instrument is determined by using valuation technique, which can be regarded as Level 2.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.2 Interest rate risk management (Continued)

Assets and liabilities subject to valuation and fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

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

In the consolidated balance sheet, derivative financial instrument is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2.

The following table gives information about how the fair values of financial instruments subject to valuation are determined.

Financial assets / (Financial liabilities)	Fair value / revalued amount		Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 September 2020	31 December 2019				
Derivative financial instruments	299,900	(57,866)	Level 2	Market Value	-	-

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 23 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	30 September 2020	31 December 2019
Cash at banks	621,281	469,786
<i>Demand deposits</i>	128,070	149,989
<i>Time deposits</i>	493,211	319,797
	<u>621,281</u>	<u>469,786</u>

As at 30 September 2020, TL 115,216 of the Group’s demand deposits are blocked at different banks (31 December 2019: TL 142,721). These blocked deposits are related to the collections made through bank branches which are made available for use by banks 1 or 2 days after the collection depending on the agreements with related banks.

As at 30 September 2020 time deposits consist of short term TL 431,884, USD 5,750 and EUR 1,800 balances (31 December 2019: TL 59,652, EUR 7,050 and USD 35,901) with maturities between 1 - 7 days (31 December 2019: 2 - 8 days). The weighted average effective interest rates of TL, USD and EUR time deposits are 11.62%, 0.10% and 0.01%, respectively as at 30 September 2020 (31 December 2019: weighted average effective interest rate 10.14%, 0.50% and 1.00%, respectively).

Details of “Other adjustments to reconcile profit / (loss)” that presented on cash flow statement as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Adjustments related to interest (income) / expense based on revenue cap regulation (Note 17)	(30,556)	(8,299)
Adjustments related to financial income from service concession arrangements (Note 8, 14)	(1,687,484)	(1,497,306)
Adjustments related to revaluation differences arising from deposits (Note 17)	103,203	60,282
	<u>(1,614,837)</u>	<u>(1,445,323)</u>

Details of “Other cash in-flows generated from operating activities” that presented on cash flow statement as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Net collections from financial assets related to service concession arrangements	1,690,796	1,379,266
<i>Capital expenditures reimbursements (Note 8)</i>	1,006,218	793,145
<i>WACC reimbursements (Note 8)</i>	684,578	586,121
Collections from doubtful trade receivable (Note 6)	125,398	175,587
	<u>1,816,194</u>	<u>1,554,853</u>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

NOTE 23 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

Details of “Other cash-out flows from investing activities” that presented on cash flow statement as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Capital expenditures related to service concession arrangements	(1,552,076)	(1,192,143)
	<u>(1,552,076)</u>	<u>(1,192,143)</u>

NOTE 24 - EVENTS AFTER THE REPORTING DATE

Applicable starting from 1 October 2020, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been increased between 7.2% - 8.3% and distribution tariff has been increased by 1.0%. In the final tariff reflected to the end user has been increased between 5.7% - 5.8%.