ENERJİSA ENERJİ A.Ş. AND
ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 AND
THE INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Enerjisa Enerji A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Enerjisa Enerji A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How key audit matter addressed in the audit
IFRIC Interpretation 12 - Service Concession Arrangements	
In accordance with the terms of the service concession agreement with the government, the Group has applied the IFRIC Interpretation 12 financial asset model and identified it in a financial asset in the consolidated financial statements. Revenue calculated over the financial assets according to the effective interest method is accounted as "financial income from service concession agreement" by the Group. In addition, since the financial assets carried at the balance sheet is an asset subject to impairment in accordance with IFRS 9 "Financial Instruments" standard, the Group provides impairment for financial assets by making a credit risk assessment. As of 31 December 2021, the Group has financial assets amounting to 12,853,639 thousand TL, 3,096 thousand TL impairment for related assets and accounted interest income amounting to 2,950,583 thousand TL in the statement of profit or loss between 1 January and 31 December 2021. Given the complexity of the accounting of the elements within the scope of IFRIC Interpretation 12 and the legislation and application of the assumptions (basically includes inflation rate assumptions), we determined this significant to our audit and therefore considered as key audit matter. The details of financial assets within the scope of IFRIC Interpretation 12 are disclosed in footnote 10 to the consolidated financial statements.	- The Service Concession Agreement was obtained and the contract conditions have been read. - Compatibility of the related calculation model in terms of legislation has been evaluated. - Since the interest income is calculated based on the internal rate of return, calculation of internal rate of return has been checked. - The payments which were committed by the Republic of Turkey Energy Market Regulatory Authority ("EMRA") as a consequence of the investments made were checked by the communiques of income requirements. - The rate of return has been checked from the communiques published in the Official Gazette. - The year-end financial asset amount in the financial statements was reconciled with the economic model of service concession contracts. - The fairness and the appropriateness of the key assessments and estimations used by the management together with the methods and data sources used in the calculation of impairment within the scope of "IFRS 9 Financial Instruments" were assessed. - The compliance of the applied accounting policies with IFRS 9, past performance of the Group and local and global practices were assessed. - Furthermore, within the scope of the above-mentioned specific accounting, the adequacy and sufficiency of the information included in the financial statements and explanatory notes for the users of the financial statements were evaluated.

Recoverability of deferred tax assets recognized over tax losses carried forward	
As disclosed in footnote 24 to the consolidated financial statements as of 31 December 2021, the Group recognized deferred tax assets over the tax losses carried forward amounting to 403,375 thousand TL. Partially or fully recoverable amount of recognized deferred tax asset was estimated based on the Group Management's assumptions under current conditions. Business plans for the future, the loss amounts incurred in the last 5 years and the expiration dates of unused losses are taken into the consideration during the assessment. Given that the extent to which these assets are recognized is dependent on Group Management's assumptions, these assets are considered as key audit matter.	During our audit, we challenged the management's assumptions on the recoverability of tax assets by controlling the expiration dates of carry forward tax losses with the projected budgets approved by the management. To examine the management's assumptions about the subject, we involved tax experts to our audit team from another entity that is a part of the same audit network. Calculation of related deferred tax assets is presented for the examination and evaluation to tax experts. In addition, the conformity of the disclosures in the financial statements to IFRS has been evaluated.
Goodwill Impairment Test	
As at 31 December 2021, there is a goodwill amounting to 1,977,127 thousand TL on the consolidated statement of financial position as a result of previous acquisitions. In accordance with IFRS, the Group performs an impairment test per each cash generating unit to assess whether there is an impairment in the goodwill amount.	The assumptions, sensitivities and results of the tests performed are disclosed in footnote 2 to the financial statements. These tests are assessed as key audit matter due to the complexity, the required estimates of management and the dependency on future market circumstances. We involved the valuation specialists from another entity that is a part of the same audit network to support our assessment about the assumptions and methods used by the Group in testing the discount rates per cash generating unit and assessing the model that calculates future cash flows. Furthermore, we tested the expected growth rates and related expected future cash flows. We assessed whether these future cash flows, amongst others, were based on the strategic plan as prepared by the management. In addition, within the scope of the above-mentioned special accounting, the appropriateness and sensitivity of the disclosures contained in the financial statements and the importance of these information for the users of the financial statement were questioned by us.

Revenue recognition of incumbent suppliers	
Incumbent suppliers are obliged supply electricity on retail sales tariff regulated by the EMRA to the ineligible customers (regulated customers) in their respective distribution regions, eligible customers who have not used their eligibility right to become a free customer and to eligible customers as the last resource supplier. Along with that, incumbent suppliers, supplies electricity to eligible customers in the distribution regions through bilateral agreement based on free market conditions. Incumbent suppliers' revenue from the consumers subject to tariff regulation, is determined by the cost of carrying out their activities related to energy sales. In this context, the gross margin is taken into the consideration which is determined based on the depreciation expenses related to the investment expenditures required to carry out the activities, billing and customer services, operating expenses such as retail sales services, active energy costs and the costs to cover all the costs and services incurred to sustain the activity and the risks exposed. Therefore, the Group calculates and accounts for the revenue amount on consolidated financial statements prepared in accordance with IFRS on the basis of costs by considering gross profit margin determined by regulations. Furthermore, invoices of the subscribers other than eligible residential and commercial groups are issued monthly at the end of each month by the Group whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. As a result, the total electricity supplied to the residential and commercial subscribers during each month cannot be invoiced and income accruals are recognized as revenue at period-ends for these customer groups based on the actual billing performance. Given the complexity of such transactions, we determined this significant to our audit and therefore considered as key audit matter.	We examined the customer classification, EMRA communiques and the correctness of calculations mentioned in these communiques, calculations and seasonality of invoicing that are used in the calculation of Group's revenue. We also performed sample tests of key controls over information technology systems where the information used in these calculations is provided. The overall consistency of the inputs and parameters used in the calculations are evaluated. To evaluate conformity of applied calculations to communiques and IFRS, we especially focused on the accounting adjustments related to revenue recognition. The sources used for these adjustments and consistency of these adjustments with prior years are controlled. In addition, the adequacy of the disclosures in footnote 19 of the financial statements and conformity with IFRS were also assessed.

Provision for impairment of trade receivables	
Trade receivables are considered as an important balance sheet item as they represent 13% of the total assets in consolidated statement of financial position. Besides, the collectability of trade receivables is key elements of the Group's credit risk and business capital management and includes significant management judgment and estimates. As of December 31, 2021, there is a provision amounting to 3,141,666 thousand TL for impairment of trade receivables amounting to 5,572,805 thousand TL (net) in the consolidated statement of financial position. Determining the collection risk and the provision for trade receivables or determining whether a specific trade receivable is collectible requires significant management judgment. The Group management assesses all other information together with the aging of trade receivables, analyzing the risk of ongoing lawsuits taking letters from the company lawyers, the qualifications of the collaterals under the credit risk management and the collaterals, the collection performance after the current period and the balance sheet date. The Group accounts for the expected credit losses for financial assets in the consolidated financial statements in accordance with IFRS 9. Given the size of the amounts, the assessment required for the collectability evaluations of trade receivables and the complexity and the comprehensive application of IFRS 9, the existence and collectability of trade receivables is considered as key audit matter. The details of trade receivables are disclosed in footnote 6 to the consolidated financial statements.	Following procedures have been applied for the audit of provisions on trade receivables: - Evaluation of the Group's collection follow-up process and operational effectiveness of related internal controls for trade receivables from third parties, - Understanding, evaluating and testing the effectiveness of the internal controls related to financial reporting for credit risk, - Analytical review of the aging tables and comparison of the collection turnover rate with the previous year, - Testing of trade receivable balances by sending confirmation letters by sampling method, - Testing of subsequent collections by sampling method, - Testing of the guarantees received against receivables by sampling method and evaluation of their ability to convert into cash, - Evaluation of the fairness and appropriateness of the key assessments and estimations used by the management together with the methods and data sources used in the calculation of impairment within the scope of "IFRS 9 Financial Instruments" with the support of our valuation specialists from our entity, - Evaluation of the compliance of the applied accounting policies with IFRS 9, past performance of the Group and local and global practices, - Investigation of disputes and lawsuits related to receivables and obtaining confirmation letter about legal proceedings of ongoing legal lawsuits for the audit of the appropriateness of specific provisions for trade receivables, - Assessment of the adequacy of the trade receivables and impairment of trade receivables disclosures to the consolidated financial statements and conformity with IFRS.

Other matters

We have expressed an unqualified opinion in our auditor's report dated February 18, 2022 on the consolidated financial statements of the Group for the period of 1 January 2021 – 31 December 2021, which are prepared in accordance with Turkish Accounting Standards.

We have expressed an unqualified opinion in our auditor's report dated February 18, 2022 on the annual report of Enerjisa Enerji A.Ş. for the period of 1 January 2021 – 31 December 2021, which are prepared in accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC").

Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 18, 2022.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Erdem Tecer.

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

Erdem Tecer, SMMM
Partner

18 February 2022
İstanbul, Türkiye

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(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	Audited / current period 31 December 2021	Audited / prior period 31 December 2020
Current Assets		**12,795,629**	**6,852,870**
Cash and Cash Equivalents	28	411,992	588,571
Financial Investments		-	126,108
Financial Assets	10	3,316,298	2,348,112
Trade Receivables	6	5,572,805	2,943,668
Due from Related Parties	*5*	*34,942*	*17,796*
Due from Third Parties		*5,537,863*	*2,925,872*
Other Receivables	7	1,193,566	588,922
Due from Third Parties		*1,193,566*	*588,922*
Derivative Financial Instruments	26	1,548,306	36,066
Inventory	8	447,450	169,539
Prepaid Expenses	9	65,010	44,112
Assets Related with Current Taxes	24	187,648	14
Other Current Assets	17	52,554	7,758
Non-Current Assets		**18,538,012**	**17,822,635**
Other Receivables	7	685,077	933,739
Due from Third Parties		*685,077*	*933,739*
Derivative Financial Instruments	26	62,210	63
Financial Assets	10	9,537,341	9,121,848
Right of Use Assets	11	256,196	140,771
Property, Plant and Equipment	12	1,444,088	902,255
Intangible Assets	13	6,225,435	6,357,036
Goodwill		*1,977,127*	*1,977,127*
Other Intangible Assets		*4,248,308*	*4,379,909*
Prepaid Expenses	9	3,828	4,507
Deferred Tax Assets	24	318,901	362,026
Other Non-Current Assets	17	4,936	390
TOTAL ASSETS		**31,333,641**	**24,675,505**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(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	Audited / current period 31 December 2021	Audited / prior period 31 December 2020
Current Liabilities		**14,256,376**	**8,287,610**
Short-Term Financial Liabilities	25	1,040,267	1,098,798
Short-Term Portion of Long Term Financial Liabilities	25	5,294,870	1,573,117
Other Financial Liabilities	25	118,387	68,743
Trade Payables	6	3,981,140	1,914,357
Due to Related Parties	*5*	*87,373*	*129,599*
Due to Third Parties		*3,893,767*	*1,784,758*
Payables for Employee Benefits	16	81,812	57,939
Other Payables	7	2,888,202	2,579,077
Due to Third Parties		*2,888,202*	*2,579,077*
Derivative Financial Instruments	26	43,717	140,060
Deferred Income	9	450	6,964
Income Tax Liability	24	93,155	173,075
Short-Term Provisions		369,721	345,547
Provisions for Employment Benefits	16	*76,968*	*46,423*
Other Short-Term Provisions	14	*292,753*	*299,124*
Other Short-Term Liabilities	17	344,655	329,933
Non-Current Liabilities		**7,726,243**	**9,234,589**
Long-Term Financial Liabilities	25	4,381,083	7,090,385
Other Financial Liabilities	25	457,604	340,383
Derivative Financial Instruments	26	2,419	1,619
Deferred Income	9	1,062,094	211,044
Long-Term Provisions		315,419	224,179
Provisions for Employment Benefits	16	*315,419*	*224,179*
Deferred Tax Liabilities	24	1,504,908	1,366,979
Other Long-Term Liabilities		2,716	-
TOTAL LIABILITIES		**21,982,619**	**17,522,199**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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LIABILITIES	**Notes**	**Audited / current period 31 December 2021**	**Audited / prior period 31 December 2020**
Equity		**9,351,022**	**7,153,306**
Registered Share Capital	18	1,181,069	1,181,069
Adjustments to Share Capital	18	1,954,164	2,416,412
Total Share Capital		**3,135,233**	**3,597,481**
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)
Accumulated Loss on Remeasurement of Defined Benefit Plans		*(3,464)*	*(3,464)*
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		986,687	(62,487)
Hedge Reserves		*986,687*	*(62,487)*
Restricted Profit Reserves	18	394,232	320,115
Retained Earnings		2,551,626	2,209,638
Profit for the Period		2,282,368	1,087,683
TOTAL LIABILITIES AND EQUITY		**31,333,641**	**24,675,505**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Notes	Audited / current period 1 January - 31 December 2021	Audited / prior period 1 January - 31 December 2020
Revenue	19	30,547,681	21,757,203
Cost of Sales (-)	20	(22,265,854)	(16,117,831)
GROSS PROFIT		**8,281,827**	**5,639,372**
General Administrative Expenses (-)	21	(3,382,729)	(2,543,194)
Other Income from Operating Activities	22	831,971	646,102
Other Expenses from Operating Activities (-)	22	(1,216,478)	(1,004,435)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		**4,514,591**	**2,737,845**
Finance Income	23	108,090	64,091
Finance Expense (-)	23	(1,479,567)	(1,389,230)
PROFIT BEFORE TAX		**3,143,114**	**1,412,706**
Tax Expense		**(860,746)**	**(325,023)**
Current Tax Expense (-)	24	(989,969)	(537,986)
Deferred Tax Income / (Expense)	24	129,223	212,963
PROFIT FOR THE PERIOD		**2,282,368**	**1,087,683**
OTHER COMPREHENSIVE INCOME AND EXPENSE			
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		**1,049,174**	**(60,239)**
Gains / (Losses) on Hedges	*26*	*1,359,451*	*(76,151)*
Income Tax Relating to Other Comprehensive Income	*24*	*(310,277)*	*15,912*
TOTAL COMPREHENSIVE INCOME		**3,331,542**	**1,027,444**
Earnings per share			
Earnings per share (kr)	18	1.93	0.92

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

(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 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)	68,570	-	-	-	1,175,172	(1,033,622)	-
Dividend	-	-	-	-	-	-	(708,641)	-	(708,641)
Total comprehensive income	-	-	-	-	-	(60,239)	-	1,087,683	1,027,444
Balance as at 31 December 2020	**1,181,069**	**2,416,412**	**320,115**	**4,340**	**(3,464)**	**(62,487)**	**2,209,638**	**1,087,683**	**7,153,306**
Balance as at 1 January 2021	**1,181,069**	**2,416,412**	**320,115**	**4,340**	**(3,464)**	**(62,487)**	**2,209,638**	**1,087,683**	**7,153,306**
Transfers (*)	-	(462,248)	74,117	-	-	-	1,475,814	(1,087,683)	-
Dividend (**)	-	-	-	-	-	-	(1,133,826)	-	(1,133,826)
Total comprehensive income	-	-	-	-	-	1,049,174	-	2,282,368	3,331,542
Balance as at 31 December 2021	**1,181,069**	**1,954,164**	**394,232**	**4,340**	**(3,464)**	**986,687**	**2,551,626**	**2,282,368**	**9,351,022**

(*) In the statutory financial statement prepared in accordance with the tax procedure law, the loss for previous years amounting to TL 462,248 has been netted off with adjustments to share capital (31 December 2020: TL 210,120).

(**) During the Ordinary General Assembly held on 30 March 2021, it has been resolved to distribute the dividend at the amount of TL 1,133,826 derived from the Group's distributable earnings in 2020 and pay the cash dividend beginning from 9 April 2021. Dividends were paid out in cash in April 2021. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 0.96 (full digit) (2020: TL 0.60 (full digit)).

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Notes	Audited / current period 1 January - 31 December 2021	Audited / prior period 1 January - 31 December 2020
Cash Flows from Operating Activities		**5,057,411**	**3,870,421**
Profit for the period		**2,282,368**	**1,087,683**
Profit for the period		2,282,368	1,087,683
Adjustments to reconcile net profit for the period		**679,338**	**1,211,934**
Adjustments related to the depreciation and amortization	11, 12, 13	472,588	444,078
Adjustments related to the depreciation of right of use assets	11	112,711	81,682
Adjustments related to the depreciation of property, plant and equipment	12	112,582	122,769
Adjustments related to the amortization of intangible assets	13	247,295	239,627
Adjustments related to impairment loss		570,085	854,429
Adjustments related to doubtful provision expenses	6, 10	570,085	854,429
Adjustments related to provisions		178,908	161,897
Adjustments related to provisions for employee benefits		185,279	110,609
Adjustments related to legal case provisions		(6,371)	51,288
Adjustments related to interest (income) and expenses, net		1,308,716	1,286,381
Adjustments related to interest income	23	(108,090)	(64,091)
Adjustments related to interest expense	23	1,416,806	1,350,472
Adjustments related to unrealized foreign exchange loss		299,533	107,406
Adjustments related to tax expense	24	860,746	325,023
Adjustments related to change in fair value losses / (gains)	26	(310,479)	(30,148)
Other adjustments to reconcile profit / (loss)	28	(2,700,759)	(1,937,132)
Adjustments related to interest (income) / expense based on revenue cap regulation	22	(56,312)	(29,918)
Adjustments related to financial income from service concession arrangements	10, 19	(2,950,583)	(2,069,123)
Adjustments related to revaluation differences arising from deposits and guarantees	22	306,136	161,909
Changes in operating assets and liabilities		**(1,112,854)**	**(368,059)**
(Increase) / decrease in trade receivables		(3,362,830)	(965,769)
(Increase) / decrease in inventories		(277,912)	(37,586)
(Increase) / decrease in other receivables and assets		(480,832)	916,762
Increase / (decrease) in trade payables		2,064,398	(674,626)
Increase / (decrease) in other payables and expense accruals		944,322	393,160
Cash generated from operating activities		**1,848,852**	**1,931,558**
Payments related with provisions for employee benefits	16	(64,265)	(48,413)
Tax payments	24	(1,257,523)	(444,598)
Other cash in-flows	28	4,530,347	2,431,874
Capital expenditures reimbursements related to service concession arrangements	10	2,555,978	1,341,622
WACC reimbursements related to service concession arrangements	10	1,808,541	912,773
Collections from doubtful trade receivable	6	165,828	177,479
Cash Flows from Investing Activities		**(3,265,918)**	**(2,227,778)**
Cash used for purchase of tangible and intangible assets		(753,880)	(310,179)
Interest received		111,545	49,097
Other cash out-flows	28	(2,749,691)	(1,845,241)
Capital expenditures related to service concession arrangements		(2,749,691)	(1,845,241)
Cash receipt from sale of debt instruments		126,108	(121,455)
Cash Flows from Financing Activities		**(1,968,072)**	**(1,523,858)**
Cash in-flows from borrowings	25	16,479,807	14,075,458
Cash out-flows for borrowings	25	(15,608,222)	(13,519,861)
Repayment of of lease liabilities	25	(148,644)	(110,433)
Interest paid		(1,557,187)	(1,260,381)
Dividend paid		(1,133,826)	(708,641)
Increase / (decrease) in cash and cash equivalents		(176,579)	118,785
Cash and cash equivalents at the beginning of the period	28	588,571	469,786
Cash and cash equivalents at the end of the period		**411,992**	**588,571**

(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 İstanbul 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 consolidated financial statements as of 31 December 2021 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. ("AYESAŞ")	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 11,300 employees as of 31 December 2021 (31 December 2020: 10,415 employees).

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 18 February 2022. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.

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 AYESAŞ

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, AYESAŞ was established with the same shareholder structure and as of 31 December 2012, AYEDAŞ has transferred some of its assets and liabilities to AYESAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and AYESAŞ 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.

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; in December 2015, EMRA has announced a new tariff for the period 1 January 2016 and 31 December 2020; and in December 2020, EMRA has announced a new tariff for the period between 1 January 2021 and 31 December 2025.

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.

In accordance with the Shareholders Agreement dated 26 April 2018, Enerjisa Müşteri Çözümleri A.Ş. acquired a minority stake of 14% in E-şarj on 3 December 2021. Following the transaction, Enerjisa Müşteri Çözümleri A.Ş.'s share at E-şarj increased from 80% to 94%.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying 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.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority of Turkey on January 20, 2022, it is stated that IAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the IFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with IAS 29.

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").

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.

(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.

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 Basis of Consolidation

The details of the Company’s subsidiaries at 31 December 2021 and 31 December 2020 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		31 December 2021	31 December 2020	
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	94	80	Electric vehicles and charging stations equipment services

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

2.8 Basis of Consolidation (Continued)

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:

- 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.

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

2.9 New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 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 2021 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

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

2.9 New and Revised International Financial Reporting Standards (Continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows (Continued):

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Continued)

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic (2020 amendment). The 2020 amendment does not apply to lessors. In March 2021, the Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). The practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

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

2.9 New and Revised International Financial Reporting Standards (Continued)

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

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

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

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

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided.

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

2.9 New and Revised International Financial Reporting Standards (Continued)

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

IFRS 17 - The new Standard for insurance contracts (Continued)

Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.
In accordance with amendments issued in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

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

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to IAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

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

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

2.9 New and Revised International Financial Reporting Standards (Continued)

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

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in IFRS, the Board decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to IAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

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

2.9 New and Revised International Financial Reporting Standards (Continued)

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

Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

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

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

2.10 Summary of Significant Accounting Policies

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. When the contingent consideration classified as asset or liability is in the nature of financial instruments and within the context of IFRS 9 *Financial Instruments*, it is re-measured at fair value and; gain or loss due to changes are recognized in profit or loss or other comprehensive income. Those are not within the context of IFRS 9 are re-measured in accordance with IAS 37 *Provisions*, Contingent Liabilities and Contingent Assets.

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

2.10 Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually (Note: 2.11), or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Related Parties

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

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

2.10 Summary of Significant Accounting Policies (Continued)

Related Parties (Continued)

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

Revenue Recognition

Distribution part of the revenue is composed of distribution, meter reading services, transmission and theft and loss components. Distribution and meter reading service components are considered within the content of service concession arrangements due to the regulations of EMRA. Additionally, 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 which cover operating expenses and investment requirements related to distribution and meter reading services. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. ("TEİAŞ"). These regulations guarantee revenue to the Group during the transition period regardless of the consumption level. The under billings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years.

Revenue recognition principles other than the assets classified as due from service concession arrangements under IFRIC 12 are as follows:

Revenue (excluding the distribution business) is recognized upon delivery of electricity to customers or upon fulfilment of services. Delivery is deemed complete when the risk and rewards associated with ownership has been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Gross profit to be gained from the regulatory portfolio of the Group is determined by EMRA and the revenue of the companies related to the regulated portfolio is computed in accordance with the provisions of "Regulation of Retail Energy Sales Prices" issued by EMRA on 17 November 2020 by considering revenue requirements to cover the operational expenses and the doubtful receivable expenses are reflected in the consolidated financial statements accordingly.

Revenue from the sale and delivery of electricity is measured at the fair value of the consideration received or receivable. The estimated value of the electricity supplied but not invoiced to the customers is considered for the measurement of revenue.

Revenue is recognized on an accrual basis at the time the electricity is distributed, at the invoiced values. Net sales represent the invoiced value of electricity distributed excluding TRT energy contribution share, sales commission and sales taxes.

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

2.10 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Principal and agent assessment

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the Group transfers the good or service to a customer. When a Group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income related to service concession arrangements is recognized in accordance with Service Concession Arrangements ("IFRIC 12"). Interest income on receivable from concession arrangement is recognized on a time-proportion basis using the effective interest method.

Service Concession Arrangements

Service concession arrangements are defined within scope of IFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals – to private operators. The Group's electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group's terms in the service concession arrangements, a financial asset model where the Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated by EMRA.

The Group recognizes the revenue on an effective interest method as "Financial Income from Service Concession Arrangements" in profit or loss and other comprehensive income and "Financial Assets" on the consolidated statement of financial position.

Inventories

Inventories mainly include electricity equipment and materials related to the Group's electricity distribution business. Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Additional costs, incurred to bring the inventories to the intended usable condition or position, are included in determination of cost.

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

2.10 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized from statement of financial position (balance sheet) upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Customer contracts and relations and Transfer of Operational Rights

Customer contracts and relations and TOR are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The useful lives of customer contracts and relations range between 25-30 years.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

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

2.10 Summary of Significant Accounting Policies (Continued)

Leasing transactions

Group as a lessee

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

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),

- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),

- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,

- The right to direct the use of the identified asset. The Group has the right to direct the use of an identified asset throughout the period of use only if either:

  a) the Group has the right to direct how and for what purpose the asset is used throughout the period of use

  b) the Group has the right to direct use of asset if either:

     i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
     ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

Right of use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

2.10 Summary of Significant Accounting Policies (Continued)

Leasing transactions (Continued)

Right of use asset (Continued)

The cost of right-of-use assets includes:

a. The amount of lease liabilities recognized,
b. Lease payments made at or before the commencement date less any lease incentives received, and
c. Initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease Liabilities

The Group measures its rent obligation at the present value of unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the actual lease date:

a. Fixed payments,
b. Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease,
c. Amounts expected to be paid by the Group under residual value commitments,
d. The use price of this option if the Group is reasonably certain that it will use it, and
e. The penalty payments for termination of the lease if the lease shows that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

After the effective date of the lease, the Group measures the lease obligation as follows:

a. Increase the carrying amount to reflect the interest on the lease obligation; and
b. Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

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

2.10 Summary of Significant Accounting Policies (Continued)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. There were no capitalized borrowing costs in 2019 and 2020.

All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

Financial instruments

Financial assets - Classification and measurement

The Group classified its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables", "financial assets" (IFRIC 12), "cash and cash equivalents" and "financial investments to be held to maturity" in the statement of financial position.

Impairment

The Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables and financial assets (IFRIC 12) carried at amortized cost on its consolidated financial statements, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables and financial assets as a result of a specific events, the Group measures expected credit loss from these receivables and financial assets by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectation based on the macroeconomic indications.

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

2.10 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets - Classification and measurement (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. The Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. The Group's financial instruments at fair value through profit or loss consist of forward exchange contracts.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "derivative instruments" in the statement of financial position. Gains or losses on a financial asset carried at fair value through other comprehensive income is recognized in other comprehensive income under the scope of hedge accounting. The Group's financial instruments at fair value through other comprehensive income consist of forward exchange contracts to mitigate the foreign exchange rate risk arising from feed-in-tariff cost ("FIT") and USD denominated energy purchases and cross currency swap agreements.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are assessed continuously to determine probability of outflow of economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for cases where a reliable estimate cannot be made.

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

2.10 Summary of Significant Accounting Policies (Continued)

Provisions, contingent liabilities, contingent assets (Continued)

Possible assets that arise from past events and whose existence not wholly within the control of the Group and that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events are recognized as contingent assets. When an inflow of resources embodying economic benefits is probable, the Group discloses contingent assets in the notes.

When the outflow of economic benefits from the Group is probable but the amount cannot be measured reliably, the Group discloses this fact in the notes.

Earnings per share

Earnings per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Segment reporting

The Group has electricity distribution and retail operating segments, which includes the information used from management to evaluate performance and taking decision for resource allocation. These segments are managed separately because it is influenced by different economic situations and business positions in terms of risk and return.

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

Government grants

Electricity distribution companies within the Group have the right to benefit from VAT exemption for machinery equipment purchases from domestic suppliers in the scope of renewal of existing investments with the investment incentive certificate which had been obtained from the Ministry of Economy on 15 January 2016.

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

2.10 Summary of Significant Accounting Policies (Continued)

Taxation and deferred income taxes

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of current tax and deferred tax expenses.

Current tax expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

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

2.10 Summary of Significant Accounting Policies (Continued)

Subsequent events

Subsequent events; even if they occur after any announcement related with profit or public announcement of other chosen financial information, covers any event between the balance sheet date and the publication date of the balance sheet.

In the case that events requiring an adjustment to the financial statements occur subsequent to the date of statement of financial position, the Group makes the necessary corrections on the consolidated financial statements.

Employment benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognized in the statement of the financial position represents the present value of the defined benefit obligation. Actuarial gains and losses have no material impact in the consolidated financial statements and are recognized in the statement of profit or loss and other comprehensive income.

Vacation rights

The liabilities related to unused vacation rights are accrued when they are entitled.

Defined contribution plans

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Statement of cash flow

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group’s activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

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

2.10 Summary of Significant Accounting Policies (Continued)

Share capital and dividends

Common shares are classified as equity.

Dividends on common shares are recognized in equity in the period in which they are approved and declared. Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

2.11 Significant Accounting Estimates and Assumptions

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

Use of Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Impairment test of Goodwill

Pursuant to IAS 36 *Impairment of Assets*, the Group tested goodwill as of 31 December 2021 in accordance with the accounting policy stated at Note: 2.10. The goodwill impairment test is carried out for Retail and Distribution Cash Generating Units ("CGUs"). As of 31 December 2021, the following assumptions were used to determine the recoverable amount of Retail CGU:

CGU:	**Retail**
Base used for the recoverable amount:	Value in use
Source:	Forecasted cash flows
WACC (TL):	19.2%
Terminal growth rate	4%

The net present value of Retail CGU was calculated by discounting the post-tax TL, which is the functional currency of the Group, free cash flows. The Group compared the recoverable amount calculated based on the aforementioned assumptions to the total value of Retail CGU and no impairment was identified.

1% increase of weighted average cost of capital decreases the recoverable amount of Retail CGU by 5%, 1% decrease of weighted average cost of capital increases the recoverable amount of Retail CGU by 5%. No impairment is identified based on the sensitivity analysis.

(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)

2.11 Significant Accounting Estimates and Assumptions (Continued)

Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Critical judgments in applying the Group's accounting policies (Continued)

Impairment test of Goodwill (Continued)

As of 31 December 2021, the following assumptions were used to determine the recoverable amount of Distribution CGU:

CGU:	**Distribution**
Base used for the recoverable amount:	Value in use
Source:	Forecasted cash flows during the license period
WACC (TL):	19.2%
Terminal growth rate	4%

The net present value of Distribution CGU was calculated by discounting the post-tax free cash flows for the discrete period from 2015 to 2036 for BAŞKENT EDAŞ and from 2015 to 2042 for AYEDAŞ and TOROSLAR EDAŞ. This calculation includes the discounted values of the TL cash flows of Distribution CGU which is the functional currency of the Group. The Group compared the recoverable amount calculated based on the aforementioned assumptions to the total value of Distribution CGU and no impairment was identified.

1% increase of weighted average cost of capital decreases the recoverable amount of Distribution CGU by 14%, 1% decrease of weighted average cost of capital increases the recoverable amount of Distribution CGU by 16%. No impairment is identified based on the sensitivity analysis.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

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

2.11 Significant Accounting Estimates and Assumptions (Continued)

Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Service concession arrangements

The Group determines the financial assets and financial income balances recognized under service concession arrangements based on the cash flows derived from the tariffs announced by EMRA. The distribution revenue requirement of the Group during the second (2011 - 2015), third (2016 - 2020) and fourth tariff periods (2021 - 2025) was determined by EMRA considering the projected expenses and related tariffs which were published in 2010, 2015 and 2020. Moreover, distribution revenue requirements from the end of fourth tariff period to the end of license (2036 for BAŞKENT EDAŞ and 2042 for AYEDAŞ and TOROSLAR EDAŞ) are expected by the Group management based on the tariff components announced for the fourth tariff period. These tariffs are revised yearly due to inflation, based on the changes in the Electricity Market Index ("EMI") (Since the "EMI" is not announced, CPI ("Consumer Price Index") is considered as based). In determination of the aforementioned projected cash inflows in the upcoming periods the Group management made estimates related to the CPI rate and the WACC ("Weighted Average Capital Cost") rate determined in the latest tariff period continued to be used until the end of the license period.

Revenue recognition

Invoices of the subscribers other than residential and commercial groups are issued monthly at the end of each month by the Group whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the total electricity supplied to the residential and commercial subscribers during each month cannot be invoiced and income accruals are recognized as revenue at period-ends for these customer groups based on the actual billing performance.

(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

			Proportion of ownership (%)	
Name of Subsidiary	Principal activity	Place of incorporation and operation	31 December 2021	31 December 2020
BAŞKENT EDAŞ	Electricity Distribution Services	Ankara	100	100
EPS	Electricity Retail Services	Ankara	100	100
AYEDAŞ	Electricity Distribution Services	İstanbul	100	100
AYESAŞ	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	94	80

		Number of subsidiaries owned by the Group	
Principal Activity	Place of incorporation and operation	31 December 2021	31 December 2020
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

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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 year ended 31 December 2021 and 31 December 2020.

1 January - 31 December 2021	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	10,230,553	20,317,128	34,641	(34,641)	30,547,681
Cost of sales (-)	(3,103,712)	(19,162,142)	-	-	(22,265,854)
Gross profit / (loss)	**7,126,841**	**1,154,986**	**34,641**	**(34,641)**	**8,281,827**
General administrative expenses (-)	(2,613,131)	(504,187)	(304,700)	39,289	(3,382,729)
Other income / (expense) from operating activities - net	(342,450)	(38,156)	747	(4,648)	(384,507)
Operating profit / (loss)	**4,171,260**	**612,643**	**(269,312)**	**-**	**4,514,591**
Financial income	190,116	467,799	115,362	(665,187)	108,090
Financial expense (-)	(1,541,290)	(35,061)	(568,403)	665,187	(1,479,567)
Profit / (loss) before taxation on income	**2,820,086**	**1,045,381**	**(722,353)**	**-**	**3,143,114**
Current tax expense (-)	(985,092)	(4,877)	-	-	(989,969)
Deferred tax income / (expense)	220,458	(237,605)	146,370	-	129,223
Net profit / (loss) for the period	**2,055,452**	**802,899**	**(575,983)**	**-**	**2,282,368**

(*) TL 208,663 of TL 472,588 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 13), 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.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	7,305,154	14,449,640	23,764	(21,355)	21,757,203
Cost of sales (-)	(2,661,796)	(13,456,035)	-	-	(16,117,831)
Gross profit / (loss)	**4,643,358**	**993,605**	**23,764**	**(21,355)**	**5,639,372**
General administrative expenses (-)	(1,868,720)	(431,936)	(269,174)	26,636	(2,543,194)
Other income / (expense) from operating activities - net	(441,137)	90,405	(2,320)	(5,281)	(358,333)
Operating profit / (loss)	**2,333,501**	**652,074**	**(247,730)**	**-**	**2,737,845**
Financial income	100,720	252,430	97,048	(386,107)	64,091
Financial expense (-)	(1,184,739)	(20,488)	(570,110)	386,107	(1,389,230)
Profit / (loss) before taxation on income	**1,249,482**	**884,016**	**(720,792)**	**-**	**1,412,706**
Current tax expense (-)	(338,302)	(199,684)	-	-	(537,986)
Deferred tax income / (expense)	69,117	71	143,775	-	212,963
Net profit / (loss) for the period	**980,297**	**684,403**	**(577,017)**	**-**	**1,087,683**

(*) TL 208,663 of TL 444,078 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 13), 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.

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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 31 December 2021 and 31 December 2020.

As at 31 December 2021	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	231,294	180,583	115	-	411,992
Trade receivables	2,497,359	3,861,843	6,823	(793,220)	5,572,805
Inventories	444,021	3,429	-	-	447,450
Derivative instruments	303,994	1,306,522	-	-	1,610,516
Financial assets	12,856,735	-	(3,096)	-	12,853,639
Right of use assets	206,614	44,587	4,995	-	256,196
Property, plant and equipment	1,378,449	64,477	3,962	(2,800)	1,444,088
Intangible assets	41,124	113,617	6,070,694	-	6,225,435
Deferred tax assets	-	6,122	312,779	-	318,901
Other receivables and assets	1,482,183	1,860,092	4,278,243	(5,427,899)	2,192,619
Total assets	**19,441,773**	**7,441,272**	**10,674,515**	**(6,223,919)**	**31,333,641**
Segment liabilities					
Financial liabilities	6,096,858	59,926	6,475,705	(1,916,269)	10,716,220
Other financial liabilities	575,991	-	-	-	575,991
Trade payables	2,170,672	2,595,988	7,700	(793,220)	3,981,140
Derivative instruments	4,981	41,155	-	-	46,136
Deferred tax liabilities	307,613	381,064	816,231	-	1,504,908
Other payables and liabilities	5,661,141	2,978,588	30,125	(3,511,630)	5,158,224
Total liabilities	**14,817,256**	**6,056,721**	**7,329,761**	**(6,221,119)**	**21,982,619**

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).

(*) As of 31 December 2021, the Group has recorded an impairment provision of TL 3,096 for its financial assets in accordance with IFRS 9 Financial Instruments.

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NOTE 4 - SEGMENT REPORTING (Continued)

As at 31 December 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	43,804	544,673	94	-	588,571
Financial investments	126,108	-	-	-	126,108
Trade receivables	1,870,803	1,703,137	703	(630,975)	2,943,668
Inventories	163,877	5,662	-	-	169,539
Derivative instruments	28,487	7,642	-	-	36,129
Financial assets	11,470,840	-	(880)	-	11,469,960
Right of use assets	86,371	49,180	5,220	-	140,771
Property, plant and equipment	847,631	58,015	3,609	(7,000)	902,255
Intangible assets	21,079	55,559	6,280,398	-	6,357,036
Deferred tax assets	-	152,382	209,644	-	362,026
Other receivables and assets	1,183,326	2,470,451	3,683,725	(5,758,060)	1,579,442
Total assets	**15,842,326**	**5,046,701**	**10,182,513**	**(6,396,035)**	**24,675,505**
Segment liabilities					
Financial liabilities	6,507,559	57,051	5,392,975	(2,195,285)	9,762,300
Other financial liabilities	409,126	-	-	-	409,126
Trade payables	986,336	1,550,048	8,948	(630,975)	1,914,357
Derivative instruments	56,160	85,519	-	-	141,679
Deferred tax liabilities	507,433	-	859,546	-	1,366,979
Other payables and liabilities	2,818,703	2,580,622	2,091,208	(3,562,775)	3,927,758
Total liabilities	**11,285,317**	**4,273,240**	**8,352,677**	**(6,389,035)**	**17,522,199**

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).

(*) As of 31 December 2020, the Group has recorded an impairment provision of TL 880 for its financial assets in accordance with IFRS 9 Financial Instruments.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2021	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	**5,627,341**	**(525,697)**	**(44,233)**	**-**	**5,057,411**
Profit for the period	2,055,452	802,899	(575,983)	-	2,282,368
Adjustments to reconcile net profit for the period	(57,176)	190,940	545,574	-	679,338
Changes in operating assets and liabilities	168,225	(1,279,111)	(1,968)	-	(1,112,854)
Cash generated from operating activities	2,166,501	(285,272)	(32,377)	-	1,848,852
Tax payments	(960,017)	(297,506)	-	-	(1,257,523)
Other cash inflows / (outflows)	4,420,857	57,081	(11,856)	-	4,466,082
Cash Flows from Investing Activities	**(3,281,804)**	**350,855**	**640,045**	**(975,014)**	**(3,265,918)**
Cash used for purchase of property, plant and equipment and intangible assets	(658,221)	(85,450)	(10,209)	-	(753,880)
Interest received	-	436,305	650,254	(975,014)	111,545
Other cash out-flows (*)	(2,749,691)	-	-	-	(2,749,691)
Cash receipt from sale of debt instruments	126,108	-	-	-	126,108
Cash Flows from Financing Activities	**(2,158,047)**	**(189,248)**	**(595,791)**	**975,014**	**(1,968,072)**
Increase / (decrease) in cash and cash equivalents	187,490	(364,090)	21	-	(176,579)
Cash and cash equivalents at the beginning of the period	43,804	544,673	94	-	588,571
Cash and cash equivalents at the end of the period	**231,294**	**180,583**	**115**	**-**	**411,992**

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

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2020	**Distribution**	**Retail**	**Unallocated**	**Eliminations**	**Total**
Cash Flows from Operating Activities	**3,270,032**	**628,847**	**(28,458)**	**-**	**3,870,421**
Profit for the period	980,297	684,403	(577,017)	-	1,087,683
Adjustments to reconcile net profit for the period	277,387	361,623	572,924	-	1,211,934
Changes in operating assets and liabilities	(45,174)	(298,822)	(24,063)	-	(368,059)
Cash generated from operating activities	1,212,510	747,204	(28,156)	-	1,931,558
Tax payments	(292,099)	(152,499)	-	-	(444,598)
Other cash inflows / (outflows)	2,349,621	34,142	(302)	-	2,383,461
Cash Flows from Investing Activities	**(2,232,076)**	**197,395**	**399,034**	**(592,131)**	**(2,227,778)**
Cash used for purchase of property, plant and equipment and intangible assets	(265,380)	(39,277)	(5,522)	-	(310,179)
Interest received	-	236,672	404,556	(592,131)	49,097
Other cash out-flows (*)	(1,845,241)	-	-	-	(1,845,241)
Cash outflows to acquire debt instruments	(121,455)	-	-	-	(121,455)
Cash Flows from Financing Activities	**(1,264,710)**	**(480,714)**	**(370,565)**	**592,131**	**(1,523,858)**
Increase / (decrease) in cash and cash equivalents	(226,754)	345,528	11	-	118,785
Cash and cash equivalents at the beginning of the period	270,558	199,145	83	-	469,786
Cash and cash equivalents at the end of the period	**43,804**	**544,673**	**94**	**-**	**588,571**

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

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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)	31 December 2021	31 December 2020
Demand deposits	82,836	63,829
Time deposits	195,111	414,206
	277,947	478,035

Loans provided by related parties	Original currency	Maturity	31 December 2021 Current liabilities	31 December 2021 Non-current liabilities
Akbank T.A.Ş. (1)	TL	4 January 2022	501	-
Akbank T.A.Ş. (1)	TL	7 February 2022	208,104	-
Akbank T.A.Ş. (1)	TL	8 February 2022	3,490	-
Akbank T.A.Ş. (1)	TL	22 April 2022	2,078	-
Akbank T.A.Ş. (1)	TL	17 May 2022	313,630	-
Akbank T.A.Ş. (1)	TL	17 May 2022	104,249	-
Akbank T.A.Ş. (1)	TL	18 May 2022	104,516	-
Akbank T.A.Ş. (1)	TL	16 June 2022	208,775	-
Akbank T.A.Ş. (1)	TL	16 June 2022	417,547	-
Akbank T.A.Ş. (1)	TL	27 June 2022	129,241	-
Akbank T.A.Ş. (1)	TL	27 June 2022	103,302	-
Akbank T.A.Ş. (1)	TL	27 June 2022	103,393	-
Akbank T.A.Ş. (1)	TL	27 June 2022	103,393	-
Akbank T.A.Ş. (1)	TL	9 March 2023	4,723	46,814
Akbank T.A.Ş. (1)	TL	9 March 2023	9,432	93,309
Akbank T.A.Ş. (1)	TL	9 March 2023	9,442	93,592
Akbank T.A.Ş. (1)	TL	9 March 2023	18,885	187,184
Akbank T.A.Ş. (1)	TL	9 March 2023	89,415	886,195
			1,934,116	1,307,094

As of 31 December 2021, the interest rates of TL related party loans utilized are in the range of 8.66% - 9.98% (31 December 2020: 8.40% - 9.98%). As of 31 December 2021, there is no foreign currency related party loans (31 December 2020: interest rate of USD related party loans: 3.68%).

As of 31 December 2021 and 31 December 2020, the Group has not given any collateral for the loans.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

			31 December 2020	
Loans provided by related parties	Original currency	Maturity	Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	EUR	15 January 2021	63,872	-
Akbank T.A.Ş. (1)	TL	25 February 2021	154,382	-
Akbank T.A.Ş. (1)	TL	8 March 2021	102,923	-
Akbank T.A.Ş. (1)	TL	11 May 2021	20,586	-
Akbank T.A.Ş. (1)	TL	11 May 2021	20,554	-
Akbank T.A.Ş. (1)	TL	2 June 2021	201	-
Akbank T.A.Ş. (1)	TL	25 November 2021	1,018	-
Akbank T.A.Ş. (1)	TL	7 February 2022	8,105	200,000
Akbank T.A.Ş. (1)	TL	17 May 2022	4,502	100,000
Akbank T.A.Ş. (1)	TL	17 May 2022	13,507	300,000
Akbank T.A.Ş. (1)	TL	18 May 2022	4,248	100,000
Akbank T.A.Ş. (1)	TL	16 June 2022	19,089	400,000
Akbank T.A.Ş. (1)	TL	16 June 2022	9,572	200,000
Akbank T.A.Ş. (1)	TL	27 June 2022	3,379	100,000
Akbank T.A.Ş. (1)	TL	27 June 2022	3,114	100,000
Akbank T.A.Ş. (1)	TL	27 June 2022	4,223	125,000
Akbank T.A.Ş. (1)	TL	27 June 2022	3,378	100,000
Akbank T.A.Ş. (1)	TL	9 March 2023	3,044	100,000
Akbank T.A.Ş. (1)	TL	9 March 2023	6,088	200,000
Akbank T.A.Ş. (1)	TL	9 March 2023	28,607	947,000
Akbank T.A.Ş. (1)	TL	9 March 2023	1,510	50,000
Akbank T.A.Ş. (1)	TL	9 March 2023	2,529	100,000
			478,431	3,122,000

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

	31 December 2021				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	208,066	29,308	3,215,473	750,489	(44,547)
	208,066	29,308	3,215,473	750,489	(44,547)

	31 December 2020				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	183,228	40,003	1,705,328	32,753	(102,918)
	183,228	40,003	1,705,328	32,753	(102,918)

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	31 December 2021	
	Receivables	Payables
	Current	Current
Balances with Related Parties	Trade	Trade
Akbank T.A.Ş. (1)	6,697	7
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	4	-
Aksigorta A.Ş. (1)	-	14,008
Avivasa Emeklilik ve Hayat A.Ş. (1)	84	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	20,004	-
Carrefoursa A.Ş. (1)	6,015	-
Enerjisa Üretim Santralleri A.Ş. (1)	85	65,801
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	515	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	7,557
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,470	-
Other (1)	68	-
	34,942	87,373

	31 December 2020	
	Receivables	Payables
	Current	Current
Balances with Related Parties	Trade	Trade
Akbank T.A.Ş. (1)	5,561	17
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	1,098	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	81	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	51	525
Carrefoursa A.Ş. (1)	9,942	-
Enerjisa Üretim Santralleri A.Ş. (1)	326	122,405
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	393	259
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	6,393
Teknosa İç ve Dış Ticaret A.Ş. (1)	344	-
	17,796	129,599

(*) 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 electricity sales to Sabancı and consultancy services from Sabancı.

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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 is shown below:

	1 January - 31 December 2021	1 January - 31 December 2020
Short-term employee benefits	44,544	32,565
Long-term employee benefits	1,459	441
	46,003	33,006

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2021					
Transactions with Related Parties	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	67,819	-	50,532	303,594	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	16	-	-	-	-	-
Aksigorta A.Ş. (1)	36	-	-	-	53,527	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	724	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1) (***)	463	-	-	-	-	21,575
Carrefoursa A.Ş. (1)	120,158	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	475	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	2,740	682,485	-	-	-	1,844
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	4,613	-	-	-	310	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	28,537	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	4,936	-	-	-	-	774
Other (1)	593	-	-	-	-	-
	202,573	682,485	50,532	303,594	82,374	24,193

(*) 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 and consultancy services from Sabancı.

(***) Includes solar power plant and electrical vehicles charging stations installation services to Brisa, one of the group companies.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2020					
Transactions with Related Parties	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	60,553	-	28,091	439,388	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	6,730	-	-	-	-	-
Aksigorta A.Ş. (1)	36	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	768	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	566	-	-	-	-	-
Carrefoursa A.Ş. (1)	116,720	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	2,164	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	867	842,464	-	-	74	738
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	5,874	-	-	-	283	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	23,785	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	4,293	-	-	-	61	-
	198,571	842,464	28,091	439,388	24,203	738

(*) 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 and consultancy services from Sabancı.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

6.1 Trade Receivables:

Current Trade Receivables	31 December 2021	31 December 2020
Trade receivables	8,679,529	5,676,392
Due from related parties (Note 5)	34,942	17,796
Allowance for doubtful receivables (-)	(3,141,666)	(2,750,520)
	5,572,805	2,943,668

As of 31 December 2021, trade receivables amounting TL 4,595,584 (31 December 2020: TL 2,207,254) were neither past due nor impaired. Interest is charged at 1.6% for the period of 1 January 2021 – 31 December 2021 per month on the overdue receivable balances (1.6% per month for the period of 1 January 2020 – 31 December 2020).

As of 31 December 2021, trade receivables amounting TL 977,221 (31 December 2020: TL 736,414) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Up to 1 months	584,429	410,056
1 to 3 months	168,291	177,051
Over 3 months	224,501	149,307
	977,221	736,414

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.

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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 - 31 December 2021	1 January - 31 December 2020
Opening balance	(2,750,520)	(2,077,215)
Charge for the period	(567,869)	(854,041)
Amounts collected during the period	165,828	177,479
Write offs	10,895	3,257
Closing balance	(3,141,666)	(2,750,520)

The Group received guarantee letters amounting to TL 1,290,343 (31 December 2020: TL 807,383) and deposits and guarantees amounting to TL 2,439,314 (31 December 2020: TL 2,085,433) as collateral for its electricity receivables.

6.2 Trade Payables

Current Trade Payables	31 December 2021	31 December 2020
Trade payables	3,893,767	1,784,758
Due to related parties (Note 5)	87,373	129,599
	3,981,140	1,914,357

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

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

7.1 Other Receivables

Other Current Receivables	31 December 2021	31 December 2020
Income accruals (*)	1,146,008	532,327
Deposits and guarantees given	10,802	26,384
Receivables from personnel	28	28
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	39,851	33,306
	1,193,566	588,922

Other Non-Current Receivables	31 December 2021	31 December 2020
Deposits and guarantees given (**)	449,925	356,385
Income accruals (*)	-	414,846
Other sundry receivables (***)	235,152	162,508
	685,077	933,739

(*) 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 AYESAŞ 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, AYESAŞ 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 and has imposed an accrued income for the severance payment provision calculated.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(3,123)	(3,123)
Closing balance	(3,123)	(3,123)

7.2 Other Payables

Other Current Payables	31 December 2021	31 December 2020
Deposits received (*)	2,439,314	2,085,433
Lighting payables	43,236	43,236
Other	405,652	450,408
	2,888,202	2,579,077

(*) The Group receives deposits from the customers subscribed after 31 March 2006 for EPS and 24 July 2006 for AYESAŞ 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, AYESAŞ 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.

NOTE 8 – INVENTORIES

	31 December 2021	31 December 2020
Spare parts and equipments	441,807	162,699
Trade goods	2,179	697
Other inventories	3,464	6,143
	447,450	169,539

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NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

9.1 Prepaid Expenses

Short-term prepaid expenses	31 December 2021	31 December 2020
Prepaid expenses	41,242	32,715
Inventory advances given	20,010	7,205
Personnel advances	2,138	2,202
Other advances given	1,620	1,990
	65,010	44,112

Long-term prepaid expenses	31 December 2021	31 December 2020
Prepaid expenses	3,828	3,772
Inventory advances given	-	735
	3,828	4,507

9.2 Deferred Income

Short Term Deferred Income	31 December 2021	31 December 2020
Advances received	450	6,964
	450	6,964

Long Term Deferred Income	31 December 2021	31 December 2020
Deferred income (*)	1,062,094	211,044
	1,062,094	211,044

(*) 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 overbillings, which means the actual revenue is above the revenue cap set by EMRA, are accounted as deferred income at the Group's accompanying consolidated financial statements.

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NOTE 10 - FINANCIAL ASSETS

	Financial assets	
	31 December 2021	31 December 2020
Within one year	3,316,298	2,348,112
1-3 years	5,753,839	3,831,451
3-5 years	3,150,092	2,831,053
More than 5 years	633,410	2,459,344
	12,853,639	11,469,960
Current financial assets	3,316,298	2,348,112
Non - current financial assets	9,537,341	9,121,848
	12,853,639	11,469,960

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	11,469,960	10,543,836
Investments	2,799,831	1,790,072
Collections	(4,364,519)	(2,254,395)
CAPEX reimbursements	*(2,555,978)*	*(1,341,622)*
WACC reimbursements	*(1,808,541)*	*(912,773)*
Financial income (Note 14)	2,950,583	2,069,123
Valuation differences and other	-	(678,288)
Transfers to property, plant and equipments	-	*(282,897)*
Valuation differences	-	*(395,391)*
Provision of impairment for financial assets	(2,216)	(388)
Closing balance	12,853,639	11,469,960

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NOTE 11 - RIGHT OF USE ASSETS

	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2021	107,314	188,561	295,875
Additions	5,781	213,731	219,512
Variable lease payment adjustment	8,624	-	8,624
Closing balance as of 31 December 2021	121,719	402,292	524,011
Accumulated Depreciation			
Opening balance as of 1 January 2021	(39,918)	(115,186)	(155,104)
Charge for the period	(23,571)	(89,140)	(112,711)
Closing balance as of 31 December 2021	(63,489)	(204,326)	(267,815)
Carrying value as of 31 December 2021	58,230	197,966	256,196

	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2020	76,916	141,989	218,905
Additions	29,357	46,572	75,929
Variable lease payment adjustment	1,041	-	1,041
Closing balance as of 31 December 2020	107,314	188,561	295,875
Accumulated Depreciation			
Opening balance as of 1 January 2020	(19,163)	(54,259)	(73,422)
Charge for the period	(20,755)	(60,927)	(81,682)
Closing balance as of 31 December 2020	(39,918)	(115,186)	(155,104)
Carrying value as of 31 December 2020	67,396	73,375	140,771

Depreciation expense of TL 112,711 are accounted in general administrative expenses (31 December 2020: TL 81,682).

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost					
Opening balance as of 1 January 2021	657,431	15,116	252,225	209,708	1,134,480
Additions	184,106	2,825	75,055	393,216	655,202
Disposals	-	(122)	-	-	(122)
Transfers from constructions in progress	-	-	-	(665)	(665)
Closing balance as of 31 December 2021	841,537	17,819	327,280	602,259	1,788,895
Accumulated Depreciation					
Opening balance as of 1 January 2021	(138,481)	(13,016)	(80,728)	-	(232,225)
Charge for the period	(61,236)	(3,353)	(47,993)	-	(112,582)
Closing balance as of 31 December 2021	(199,717)	(16,369)	(128,721)	-	(344,807)
Carrying value as of 31 December 2021	641,820	1,450	198,559	602,259	1,444,088

	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	13,736	-	75,689	170,278	259,703
Transfers from financial assets (*)	282,897	-	-	-	282,897
Transfers from constructions in progress	-	-	-	(1,119)	(1,119)
Closing balance as of 31 December 2020	657,431	15,116	252,225	209,708	1,134,480
Accumulated Depreciation					
Opening balance as of 1 January 2020	(61,603)	(8,268)	(39,585)	-	(109,456)
Charge for the period	(76,878)	(4,748)	(41,143)	-	(122,769)
Closing balance as of 31 December 2020	(138,481)	(13,016)	(80,728)	-	(232,225)
Carrying value as of 31 December 2020	518,950	2,100	171,497	209,708	902,255

(*) Cost and accumulated depreciation of the investments, which were not accepted by EMRA for the periods between 2015 and 2019, were recorded as TL 282,897 and TL 36,025, respectively.

	Useful Life
Plant, machinery and equipment	5-25 years
Motor vehicles	3 years
Furniture and fixtures	5 years

Depreciation expense of TL 108,033 and TL 4,549 are accounted in general administrative expenses and cost of sales, respectively (31 December 2020: general administrative expenses: TL 118,568 and cost of sales: TL 4,201).

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NOTE 13 - 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 2021	4,390,673	1,650,121	2,730,031	153,073	4,973	7,758	8,936,629
Additions	-	-	-	73,199	-	41,830	115,029
Transfers from constructions in progress	-	-	-	665	-	-	665
Closing balance as of 31 December 2021	4,390,673	1,650,121	2,730,031	226,937	4,973	49,588	9,052,323
Accumulated Amortization							
Opening balance as of 1 January 2021	(1,307,803)	(434,806)	(752,904)	(79,267)	(1,855)	(2,958)	(2,579,593)
Charge for the period	(152,108)	(56,555)	-	(37,242)	(1,073)	(317)	(247,295)
Closing balance as of 31 December 2021	(1,459,911)	(491,361)	(752,904)	(116,509)	(2,928)	(3,275)	(2,826,888)
Carrying value as of 31 December 2021	2,930,762	1,158,760	1,977,127	110,428	2,045	46,313	6,225,435

	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	-	-	-	46,833	-	306	47,139
Transfers from constructions in progress	-	-	-	520	599		1,119
Closing balance as of 31 December 2020	4,390,673	1,650,121	2,730,031	153,073	4,973	7,758	8,936,629
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	(152,108)	(56,555)	-	(29,505)	(891)	(568)	(239,627)
Closing balance as of 31 December 2020	(1,307,803)	(434,806)	(752,904)	(79,267)	(1,855)	(2,958)	(2,579,593)
Carrying value as of 31 December 2020	3,082,870	1,215,315	1,977,127	73,806	3,118	4,800	6,357,036

Amortization expense of TL 246,443 and TL 852 are accounted in general administrative expenses and cost of sales, respectively (31 December 2020: general administrative expenses: TL 239,117 and cost of sales: TL 510).

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 10) is recognized as intangible asset based on IFRS 3.

The Group recognized TL 45,787 under other intangible assets, in connection with E-şarj purchase price amounting to TL 46,447 (31 December 2020: TL 3.997 of TL 4.000).

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.

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NOTE 13 - 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 31 December 2021, there is no impairment on goodwill (31 December 2020: None).

NOTE 14 - PROVISIONS

Current Provisions	31 December 2021	31 December 2020
Legal claims (*)	292,753	287,416
Other provisions	-	11,708
	292,753	299,124

(*) Legal claims are set for the probable cash outflows related to the legal disputes. As of 31 December 2021, the provision amount for the legal claims are determined according to the assessment made by the Group management, considering the probability of legal cases that will be finalized against the Group.

The Group is charging the theft and loss costs to the subscribers in accordance with the tariff determined by EMRA. There are legal cases filed by the subscribers to claim back the theft and loss amounts from the Group claiming that they are unfair. Some cases are finalized against the Group while some others in favor of the Group at local courts and consumer arbitrage committees. In June of 2016, statement of "In applications filed in respect of the amounts determined by EMRA within the scope of income and tariff regulations, the authority of the consumer arbitration committees and the courts is limited to the control of compliance with the regulatory procedures of EMRA." has been added to article 17 of Law No. 6446. By this article, it has been determined that in the cases for the theft and loss amounts, the courts can only examine if the theft and loss amounts incurred in accordance with the regulations of the EMRA and it has been ruled that no judgement can be made whether the theft and loss amounts will be collected or not. As of reporting date, the total amount of ongoing cases against the Group is TL 695 (31 December 2020: TL 54,637).

Movements of provisions are as follows:

	Other provisions	Legal claims	Total
Opening balance as of 1 January 2021	11,708	287,416	299,124
Additional provisions recognized	-	50,085	50,085
Reversal of provisions	(11,708)	(44,748)	(56,456)
Closing balance as of 31 December 2021	-	292,753	292,753

	Other provisions	Legal claims	Total
Opening balance as of 1 January 2020	-	247,836	247,836
Additional provisions recognized	11,708	79,409	91,117
Reversal of provisions	-	(39,829)	(39,829)
Closing balance as of 31 December 2020	11,708	287,416	299,124

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NOTE 15 - COMMITMENT AND CONTINGENCIES

31 December 2021	TL Equivalent	TL	USD	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	7,747	7,747	-	-
- Collateral	*7,747*	*7,747*	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	3,165,843	2,808,310	26,337	430
- Collateral	*3,165,843*	*2,808,310*	*26,337*	*430*
Total	3,173,590	2,816,057	26,337	430

31 December 2020	TL Equivalent	TL	USD	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	8,131	8,131	-	-
- Collateral	*8,131*	*8,131*	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,220,071	2,143,123	9,955	430
- Collateral	*2,220,071*	*2,143,123*	*9,955*	*430*
Total	2,228,202	2,151,254	9,955	430

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 EPİAŞ. 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.

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NOTE 16 - EMPLOYMENT BENEFITS

Payables Related to Employee benefits	31 December 2021	31 December 2020
Social security premiums payable	35,761	25,226
Payable to personnel	46,051	32,713
	81,812	57,939

Short-term Provisions Related to Employee Benefits	31 December 2021	31 December 2020
Bonus provisions	76,968	46,423
	76,968	46,423

Long-term Provisions Related to Employee Benefits	31 December 2021	31 December 2020
Provisions for unused vacation	70,159	55,656
Provision for employment termination benefits	245,260	168,523
	315,419	224,179

The movement of bonus and unused vacation provisions are as follows:

	Bonus provisions	Unused vacation provision	Total
Opening balance as of 1 January 2021	46,423	55,656	102,079
Additional provisions recognized	72,809	14,503	87,312
Payments	(42,264)	-	(42,264)
Closing balance as of 31 December 2021	76,968	70,159	147,127

	Bonus provisions	Unused vacation provision	Total
Opening balance as of 1 January 2020	41,190	43,567	84,757
Additional provisions recognized	41,994	12,361	54,355
Payments	(36,761)	(272)	(37,033)
Closing balance as of 31 December 2020	46,423	55,656	102,079

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NOTE 16 - EMPLOYMENT BENEFITS (Continued)

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

The amount payable consists of one month's salary limited to a maximum of TL 8,284.51 (full digit) (31 December 2020: TL 7,117.17 (full digit)) for each period of service at 31 December 2021.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 *Employee Benefits* requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 15.00% and a discount rate of 19.45%, resulting in a real discount rate of approximately 3.87% (31 December 2020: inflation rate of 9.50% and a discount rate of 13.60%, resulting in a real discount rate of approximately 3.74%) Ceiling amount of TL 10,848.59 (full digit) which is in effect since 1 January 2022 is used in the calculation of Groups' provision for retirement pay liability (1 January 2021: TL 7,638.96 (full digit)).

Group management has assessed that the severance payment provisions of electricity distribution companies within the Group can be taken with the revenue requirement according to the changed tariff structure at third tariff period and has accounted accrued income for the severance payment provisions calculated for those companies as of 31 December 2021 and 31 December 2020.

The movement for retirement pay provisions is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	168,523	123,649
Service cost	67,971	39,868
Interest cost	30,767	16,386
Retirement payments	(22,001)	(11,380)
Closing balance	245,260	168,523

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NOTE 17 - OTHER ASSETS AND LIABILITIES

17.1 Other Current Assets

	31 December 2021	31 December 2020
Deferred VAT	47,243	6,298
Other	5,311	1,460
	52,554	7,758

17.2 Other Non-current Assets

	31 December 2021	31 December 2020
Other	4,936	390
	4,936	390

17.3 Other Current Liabilities

	31 December 2021	31 December 2020
Taxes and funds payable	335,769	324,471
Other	8,886	5,462
	344,655	329,933

17.4 Other Non-Current Liabilities

	31 December 2021	31 December 2020
Other Non-Current Liabilities	2,716	-
	2,716	-

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NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

18.1 Share Capital

	31 December 2021		31 December 2020	
Shareholders	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 (*)		1,954,164		2,416,412
Total share capital		3,135,233		3,597,481

(*) 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.

In the statutory financials prepared in accordance with the tax procedure law, the loss for previous years in amount of TL 462,248 has been netted off with adjustments to share capital (31 December 2020: TL 210,120).

As at 31 December 2021, the capital of the Company comprising 118,106,897 thousand (31 December 2020: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2020: TL 0.01 each).

18.2 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 - 31 December 2021	1 January - 31 December 2020
Profit for the period	2,282,368	1,087,683
Weighted average shares	118,106,896,712	118,106,896,712
Earnings per share (kr)	1.93	0.92

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

18.3 Restricted Profit Reserves

	31 December 2021	31 December 2020
Restricted Profit Reserves	394,232	320,115
	394,232	320,115

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.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 19 - REVENUE

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue from electricity sales and services provided	27,392,863	19,660,061
Retail sales revenue	*19,537,891*	*13,972,087*
Regulated revenue	*11,928,278*	*10,228,984*
Liberalised revenue	*7,609,613*	*3,743,103*
Retail service revenue	*599,147*	*451,943*
Distribution lighting sales revenue	*432,242*	*321,686*
Distribution service revenue	*5,286,633*	*3,545,569*
Transmission revenue	*1,536,950*	*1,368,776*
Financial income from service concession arrangements (Note 10, 28)	2,950,583	2,069,123
Other revenue	204,235	28,019
	30,547,681	21,757,203

NOTE 20 - COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
Electricity purchases	(20,647,895)	(14,739,617)
Retail energy purchases	*(19,081,133)*	*(13,446,598)*
Distribution related energy purchases (*)	*(1,566,762)*	*(1,293,019)*
System usage fee (**)	(1,536,950)	(1,368,776)
Depreciation and amortization expenses (Note 12, 13)	(5,401)	(4,711)
Other	(75,608)	(4,727)
	(22,265,854)	(16,117,831)

(*) Includes theft/loss and lighting related electricity purchases.
(**) Includes system usage costs reflected as transmission revenue.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses (-)	(3,382,729)	(2,543,194)
	(3,382,729)	(2,543,194)

Details of general administrative expenses are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Payroll and employee benefit expenses	(1,596,214)	(1,190,912)
Depreciation and amortization expenses (Note 11, 12, 13)	(467,187)	(439,367)
Repair and maintenance expenses	(247,381)	(152,788)
Material expenses	(222,532)	(93,305)
Fleet management expenses	(169,775)	(118,782)
Outsourcing expenses	(78,511)	(68,698)
Rent expenses	(76,702)	(40,223)
Legal and lawsuit provision expenses	(74,376)	(71,659)
Duties, taxes and levies	(70,333)	(63,634)
Insurance expenses	(48,480)	(32,393)
Consulting expenses	(34,022)	(24,337)
Travel expenses	(13,312)	(8,130)
Other expenses	(283,904)	(238,966)
	(3,382,729)	(2,543,194)

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

22.1 Other Income From Operating Activities

	1 January - 31 December 2021	1 January - 31 December 2020
Income from operational hedge transactions - net	323,885	249,696
Late payment interest income from electricity receivables	213,924	179,231
Power theft penalties	135,249	136,318
Interest income related to revenue cap regulation - net (Note 28)	56,312	29,918
Rent and advertisement income	20,000	17,121
Lawsuit income	8,778	16
Other income	73,823	33,802
	831,971	646,102

22.2 Other Expenses From Operating Activities

	1 January - 31 December 2021	1 January - 31 December 2020
Provision for doubtful receivables - net (Note 6)	(402,041)	(676,562)
Valuation differences arising from deposits and guarantees (Note 28)	(306,136)	(161,909)
Foreign exchange losses from operating activities	(261,541)	(27,582)
Customer penalty expenses	(85,131)	(49,632)
Donations	(38,572)	(18,382)
Penalty exxpenses	(2,766)	(14,482)
Impairment provision on financial assets (Note 10 (*)	(2,216)	(388)
Other expenses	(118,075)	(55,498)
	(1,216,478)	(1,004,435)

(*) As of 31 December 2021, the Group has been recorded additional impairment provision of TL (2,216) for its financial assets, which had been recorded as at 31 December 2020 in the amount of TL (880) in accordance with the amendments in IFRS 9 Financial Instruments Standard (31 December 2020: (388) TL provision).

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NOTE 23 - FINANCE INCOME AND EXPENSES

23.1 Finance Income

	1 January - 31 December 2021	1 January - 31 December 2020
Interest income	108,090	64,091
	108,090	64,091

23.2 Finance Expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Interest expenses of borrowings	(1,377,257)	(1,235,014)
Foreign exchange gains / (losses) - net	(62,761)	(38,758)
Bank commission expenses	(39,549)	(115,458)
	(1,479,567)	(1,389,230)

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 24 - TAX ASSETS AND LIABILITIES

Current assets related with current taxes	31 December 2021	31 December 2020
Prepaid taxes and funds	187,648	14
	187,648	14

Current tax liability	31 December 2021	31 December 2020
Current corporate tax provision	989,969	537,986
Less: Prepaid taxes and funds	(896,814)	(364,911)
	93,155	173,075

Tax expense recognized in profit or loss	1 January - 31 December 2021	1 January - 31 December 2020
Current tax expense	(989,969)	(537,986)
Deferred tax income relating to the origination and reversal of temporary differences, net	129,223	212,963
Total tax expense	(860,746)	(325,023)

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 2021 is 25% (31 December 2020: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20%. In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate will be applied to the profits related to their 2021 tax periods and as 23% corporate tax rate to the profits related to their 2022 tax periods. The amendment will be valid for the taxable corporate income starting from 1 January 2021, beginning with the advance Corporate Tax Declarations which must be declared as of 1 July 2021. The companies apply 25% tax rate over their quarterly profits (23% for the year 2022 and 22% for the year 2023 and onwards) 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.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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.

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 10% (31 December 2020: 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.

The corporate tax rate, which is 20% as of 31 March 2021, is determined as 25% for 2021 corporate earnings and as 23% for 2022 corporate earnings. Therefore, for deferred tax calculation as of 31 December 2021, 23% tax rate is used for the temporary differences expected/expected to be incurred in 2022 and 20% tax rate is used for the current differences expected/expected to be incurred in 2023 and onwards.

Deferred tax (assets) / liabilities	31 December 2021	31 December 2020
Differences arising from customer contracts and transfer of operational rights	816,969	859,651
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	428,839	342,506
Carrying amount differences of right of use assets and lease liabilities	(12,661)	(4,147)
Provision for employment termination benefits	(4,649)	(2,712)
Provision for doubtful receivables	(29,760)	(36,720)
Provision for lawsuits	(59,538)	(56,544)
Provision for unused vacation	(15,484)	(10,918)
Effect of revenue cap adjustments	(239,751)	72,416
Late payment penalties	8,364	12,508
Carry forward tax losses	(403,375)	(212,906)
Income accruals	509,052	89,989
Derivative financial instruments	334,178	(9,500)
Other	(146,177)	(38,670)
	1,186,007	1,004,953

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

	31 December 2021	31 December 2020
Deferred tax (asset)	(318,901)	(362,026)
Deferred tax liability	1,504,908	1,366,979
Deferred tax (asset) / liability, net	1,186,007	1,004,953

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

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	1,004,953	1,233,828
Charged to statement of profit or loss	(129,223)	(212,963)
Charged to other comprehensive income / expense	310,277	(15,912)
Closing balance	1,186,007	1,004,953

Tax Reconciliation:	1 January - 31 December 2021	1 January - 31 December 2020
Profit from operations before tax	3,143,114	1,412,706
	25%	22%
Tax at the domestic income tax rate of 25% (2020: 22%)	785,779	310,795
Tax effects of:		
- revenue that is exempt from taxation	(12,306)	(4,050)
- expenses that are not deductible in determining taxable profit	39,644	12,397
- previously unrecognised and unused tax losses now recognised as deferred tax assets	-	(508)
- other	47,629	6,389
Income tax expense recognised in profit or loss	860,746	325,023

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.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

At 31 December 2021, the Group recognized deferred tax assets amounting to TL 403,375 for unused carry forward tax losses amounting to TL 2,016,874 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 2020: TL 212,906 and TL 1,064,529 respectively).

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

	31 December 2021	31 December 2020
Expiring in 2021	-	124
Expiring in 2022	255	2,207
Expiring in 2023	184,835	184,835
Expiring in 2024	356,841	357,564
Expiring in 2025	513,306	519,799
Expiring in 2026	961,637	-
	2,016,874	1,064,529

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

	31 December 2021	31 December 2020
Expiring in 2021	-	191,541
Expiring in 2022	-	-
Expiring in 2023	381,702	381,702
Expiring in 2024	186,989	186,989
	568,691	760,232

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NOTE 25 - FINANCIAL INSTRUMENTS

25.1 Financial Liabilities

	31 December 2021	31 December 2020
Short-term borrowings	1,040,267	1,098,798
Short-term portion of long term lease liabilities	114,711	68,840
Short-term portion of long term bonds issued	677,098	857,501
Short-term portion of long-term borrowings	4,503,061	646,776
	6,335,137	2,671,915
Long-term borrowings	2,721,771	6,232,333
Long-term lease liabilities	173,609	94,432
Long-term bonds issued	1,485,703	763,620
	4,381,083	7,090,385
Total financial liabilities	10,716,220	9,762,300

The borrowings and bonds issued are repayable as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	6,220,426	2,603,075
To be paid between 1-2 years	3,745,104	4,715,879
To be paid between 2-3 years	371,526	1,956,905
To be paid between 3-4 years	90,844	278,725
To be paid between 4-5 years	-	44,444
	10,427,900	9,599,028

As of 31 December 2021 and 31 December 2020, the Group has not given any collateral for the loans obtained.

As of 31 December 2021 and 31 December 2020 the movement of borrowings and bonds issued are as follows:

	Borrowings and Bonds issued
Opening balance as of 1 January 2021	9,599,028
Additions	16,479,807
Payments	(15,562,845)
Change in interest accruals	(174,658)
Foreign exchange movements	86,568
Closing balance as of 31 December 2021	10,427,900

	Borrowings and Bonds issued
Opening balance as of 1 January 2020	8,904,815
Additions	14,075,458
Payments	(13,465,549)
Change in interest accruals	84,304
Closing balance as of 31 December 2020	9,599,028

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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.1 Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, details of short and long term financial borrowings in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	31 December 2021 Current	Non-current
TL		5,329,731	2,721,771
Over night	*27.39%*	*682,574*	-
Fixed rate	*9.50%*	*4,184,548*	*1,307,094*
TLREF indexed	*TLREF + 1.55%-2.40%*	*462,609*	*1,414,677*
EUR (*)	2.10%	213,597	-
		5,543,328	2,721,771

Currency	Weighted average effective interest rate	31 December 2020 Current	Non-current
TL		1,618,179	6,232,333
Over night	*0.00%*	*18,012*	-
Fixed rate	*9.22%*	*1,232,326*	*5,266,000*
TLREF indexed	*TLREF + 1.70%-2.00%*	*367,842*	*966,333*
EUR (**)	2.89%	127,395	-
		1,745,574	6,232,333

(*) Foreign currency risk associated with the EUR denominated borrowing of the Group are fully hedged through foreign currency swap instrument.

(**) 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.

As of 31 December 2021 and 31 December 2020, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	31 December 2021 Current	Non-current
TL		677,098	1,485,703
CPI indexed	*CPI + 4.8%-5.0%*	*647,044*	*285,703*
TLREF indexed	*TLREF + 1.40%*	*30,054*	*1,200,000*
		677,098	1,485,703

Currency	Weighted average effective interest rate (*)	31 December 2020 Current	Non-current
TL		857,501	763,620
CPI indexed	*CPI + 4.8%-5.0%*	*857,501*	*763,620*
		857,501	763,620

(*) As of 31 December 2021, the interests are variable indexed to TLREF and CPI; and the annual real coupon rates are 1.40% for TLREF-indexed bond and varies from 4.8% to 5% for CPI-indexed bonds (31 December 2020: 4.8% to 5.0%).

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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.1 Financial Liabilities (Continued)

As of 31 December 2021, the principal valuation of bonds is TL 418,430 (31 December 2020: TL 591,867).

As of 31 December 2021 and 31 December 2020, details of lease liabilities are as follows:

Short-term portion of long term lease liabilities	31 December 2021	31 December 2020
Buildings	26,061	18,537
Vehicles	88,650	50,303
	114,711	68,840

Long-term lease liabilities	31 December 2021	31 December 2020
Buildings	43,416	57,876
Vehicles	130,193	36,556
	173,609	94,432

The lease liabilities are repayable as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	114,711	68,840
To be paid between 1-2 years	103,789	46,047
To be paid between 2-3 years	62,328	31,798
To be paid between 3-4 years	6,970	12,404
To be paid between 4-5 years	429	4,057
To be paid after 5 years and over	93	126
	288,320	163,272

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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.1 Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, the movement of lease liabilities is as follows:

	Buildings	Vehicles	Total
Opening balance as of 1 January 2021	76,413	86,859	163,272
Additions	6,550	212,958	219,508
Interest expense	13,128	32,332	45,460
Variable lease payment adjustments	8,596	-	8,596
Payments	(35,210)	(113,434)	(148,644)
Foreign exchange movements	-	128	128
Closing balance as of 31 December 2021	69,477	218,843	288,320

	Buildings	Vehicles	Total
Opening balance as of 1 January 2020	63,419	102,244	165,663
Additions	29,357	45,834	75,191
Interest expense	13,003	17,568	30,571
Variable lease payment adjustments	1,042	739	1,781
Payments	(30,408)	(80,025)	(110,433)
Foreign exchange movements	-	499	499
Closing balance as of 31 December 2020	76,413	86,859	163,272

25.2 Other Financial Liabilities

	31 December 2021	31 December 2020
Other current financial liabilities	118,387	68,743
Other non-current financial liabilities	457,604	340,383
	575,991	409,126

The other financial liabilities are repayable as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	118,387	68,743
To be paid between 1-2 years	63,405	70,559
To be paid between 2-3 years	60,058	37,789
To be paid between 3-4 years	68,799	39,442
To be paid between 4-5 years	71,807	41,166
To be paid after 5 years and over	193,535	151,427
	575,991	409,126

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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.2 Other Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, details of short and long term other financial liabilities in terms of currencies are as follows:

	Weighted average	31 December 2021	
Currency	effective interest rate	Current	Non-current
EUR	4.70%	118,387	457,604
		118,387	457,604

	Weighted average	31 December 2020	
Currency	effective interest rate	Current	Non-current
EUR	4.70%	68,743	340,383
		68,743	340,383

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.

As of 31 December 2021 and 31 December 2020, the movement of other financial liabilities is as follows:

	Other Financial Liabilities
Opening balance as of 1 January 2021	409,126
Payments	(45,377)
Foreign exchange movements	212,242
Closing balance as of 31 December 2021	575,991

	Other Financial Liabilities
Opening balance as of 1 January 2020	353,898
Payments	(54,312)
Foreign exchange movements	109,540
Closing balance as of 31 December 2020	409,126

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 26 - 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 loan, the Group entered foreign currency swap transaction. The details and fair values of the agreements as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	389,557	36,808	5,747,717	1,543,676	(46,136)
Foreign exchange swap	-	14,300	215,741	66,840	-
	389,557	51,108	5,963,458	1,610,516	(46,136)

	31 December 2020				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	253,282	55,099	2,355,543	36,129	(141,679)
	253,282	55,099	2,355,543	36,129	(141,679)

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NOTE 26 - DERIVATIVE INSTRUMENTS (Continued)

As of 31 December 2021 and 31 December 2020, movements of fair value of derivative financial instruments are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	(105,550)	(57,866)
Derivative financial (liabilities) / assets at fair value designated through income / expense	310,479	30,148
Derivative financial (liabilities) / assets at fair value designated through other comprehensive income / expense (*)	1,359,451	(77,832)
Total derivative financial (liabilities) / assets	1,564,380	(105,550)

(*) As of 31 December 2021, fair value differences amounting to TL 1,359,451 consist of the effective portion of fair value differences of forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases and unit cost investments.

(*) As of 31 December 2020, fair value differences amounting to TL 77,832 is netted off with the foreign exchange losses from borrowings amounting to TL 1,681, and the net amount, TL 76,151 is accounted to other comprehensive income before tax.

NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

27.1 Capital risk management

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

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves.

The Group management considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through new share issues, and by issue of new debt or the redemption of existing debt.

	31 December 2021	31 December 2020
Total borrowings (Note 25)	11,292,211	10,171,426
Less: cash and cash equivalents (Note 28)	(411,992)	(588,571)
Less: Financial investments	-	(126,108)
Less: derivative instruments (Note 26)	(1,564,380)	105,550
Net debt	9,315,839	9,562,297
Total equity	9,351,022	7,153,306
Total capital	18,666,861	16,715,603
Net debt / Total capital ratio (%)	50	57

NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 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.

27.2.1 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risks mainly arise from trade receivables. The Group manages this risk by the guarantees received from customers. Trade receivables, are evaluated based on the Group's policies and procedures and as a result presented net of doubtful provision in the consolidated financial statements. In accordance with the requirements of IFRS 9 introducing a new impairment model based on expected credit losses, the Group has modified impairment calculation method for trade receivables. 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.

Trade receivables consist of a large number of customers, spread across diverse industries within several different provinces. Credit risk of the financial instruments is as the follows:

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

NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.1 Credit risk management (Continued)

Credit risk exposure based on financial instrument categories

	Receivables							
	Trade receivables		Other receivables					
			Current	Non-current				
31 December 2021	**Related party**	**Other**	**Other**	**Other**	**Bank deposits**	**Financial assets excluding cash**	**Derivatives**	**Financial investments**
Maximum net credit risk as of the balance sheet date (*)	34,942	5,537,863	1,193,566	685,077	411,992	12,853,639	1,610,516	-
The part of maximum risk under guarantee	-	3,729,657	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (**)	34,942	4,560,642	1,193,566	685,077	411,992	12,853,639	1,610,516	-
B. Net book value of financial assets that are due but not impaired (**)	-	977,221	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross book value)	-	3,010,235	3,123	-	-	-	-	-
- Impairment (-)	-	(3,010,235)	(3,123)	-	-	-	-	-
- Not due (gross book value)	-	131,431	-	-	-	-	-	-
- Impairment (-)	-	(131,431)	-	-	-	-	-	-
D. Credit risk factors off balance sheet	-	-	-	-	-	-	-	-

Maturity of Expected Credit Loss

31 December 2021	**Not due**	**Overdue Up to 1 months**	**Overdue 1-3 months**	**Overdue more than 3 months**	**Total**
Balance at period end	4,727,015	615,830	280,698	3,090,928	8,714,471
Credit loss rate (%)	3%	5%	40%	93%	36%
Expected credit losses	(131,431)	(31,401)	(112,407)	(2,866,427)	(3,141,666)

(*) The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.
(**) Amounts have been subjected to impairment in accordance with IFRS 9.

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.1 Credit risk management (Continued)

Credit risk exposure based on financial instrument categories (Continued)

	Receivables							
	Trade receivables		Other receivables					
			Current	Non-current				
31 December 2020	Related party	Other	Other	Other	Bank deposits	Financial assets excluding cash	Derivatives	Financial investments
Maximum net credit risk as of the balance sheet date (*)	17,796	2,925,872	588,922	933,739	588,571	11,469,960	36,129	126,108
The part of maximum risk under guarantee	-	2,892,816	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (**)	17,796	2,189,458	588,922	933,739	588,571	11,469,960	36,129	126,108
B. Net book value of financial assets that are due but not impaired (**)	-	736,414	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross book value)	-	2,683,854	3,123	-	-	-	-	-
- Impairment (-)	-	(2,683,854)	(3,123)	-	-	-	-	-
- Not due (gross book value)	-	66,666	-	-	-	-	-	-
- Impairment (-)	-	(66,666)	-	-	-	-	-	-
D. Credit risk factors off balance sheet		-						

Maturity of Expected Credit Loss

31 December 2020	Not due	Overdue Up to 1 months	Overdue 1-3 months	Overdue more than 3 months	Total
Balance at period end	2,273,920	455,603	300,991	2,663,674	5,694,188
Credit loss rate (%)	3%	10%	41%	94%	48%
Expected credit losses	(66,666)	(45,547)	(123,940)	(2,514,367)	(2,750,520)

(*) The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.
(**) Amounts have been subject to impairment in accordance with IFRS 9.

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.2 Liquidity risk management

The Group aims to maintain an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2021 and 31 December 2020 are as follows:

31 December 2021

Maturity analysis of non-derivative financial liabilities	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Payable on demand (I)	Less than 3 months (II)	3-12 months (III)	1-5 years (IV)	More than 5 years (V)
Non-derivative financial liabilities							
Financial liabilities	10,716,220	15,128,469	-	4,056,426	4,228,256	6,843,787	-
Trade payables	3,981,140	3,981,140	-	3,981,140	-	-	-
Other payables	2,888,202	2,888,202	2,439,314	448,888	-	-	-
Other financial liabilities	575,991	575,991	-	41,794	76,593	264,069	193,535
Total liabilities	18,161,553	22,573,802	2,439,314	8,528,248	4,304,849	7,107,856	193,535

31 December 2020

Maturity analysis of non-derivative financial liabilities	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Payable on demand (I)	Less than 3 months (II)	3-12 months (III)	1-5 years (IV)	More than 5 years (V)
Non-derivative financial liabilities							
Financial liabilities	9,762,300	15,256,665	-	1,291,750	2,495,176	11,469,739	-
Trade payables	1,914,357	1,914,357	-	1,914,357	-	-	-
Other payables	2,579,077	2,579,077	2,085,433	493,644	-	-	-
Other financial liabilities	409,126	409,126	-	24,580	44,163	188,956	151,427
Total liabilities	14,664,860	20,159,225	2,085,433	3,724,331	2,539,339	11,658,695	151,427

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors

27.2.3 Market risk management

27.2.3.1 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.

	31 December 2021		
	Total TL equivalent	**USD TL equivalent**	**EUR TL equivalent**
Cash and cash equivalents	212,389	174,250	38,139
Trade receivables	10,367	5,238	5,129
Total assets	**222,756**	**179,488**	**43,268**
Financial liabilities (*)	(213,597)	-	(213,597)
Other financial liabilities	(575,991)	-	(575,991)
Trade payables	(675,513)	(571,348)	(104,165)
Total liabilities	**(1,465,101)**	**(571,348)**	**(893,753)**
Net foreign currency asset position of off-balance sheet derivative	1,184,172	413,119	771,053
Net foreign currency asset position	**(58,173)**	**21,259**	**(79,432)**
Cash flow hedging (**)	4,779,286	4,779,286	-
Net foreign currency position after cash flow hedging	**4,721,113**	**4,800,545**	**(79,432)**

(*) Foreign currency risk associated with the EUR denominated borrowing of the Group are fully hedged through foreign currency swap instrument.

(**) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, unit price investments and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost, unit price investments 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 4,779,286 is included at cash flow hedging in the foreign currency position table.

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.1 Foreign currency risk management (Continued)

	31 December 2020		
	Total TL equivalent	**USD TL equivalent**	**EUR TL equivalent**
Cash and cash equivalents	17,009	8,235	8,774
Trade receivables	4,684	3,207	1,477
Advances given	126,108	-	126,108
Total assets	**147,801**	**11,442**	**136,359**
Financial liabilities (*)	(127,395)	-	(127,395)
Other financial liabilities	(409,126)	-	(409,126)
Trade payables	(282,751)	(241,693)	(41,058)
Total liabilities	**(819,272)**	**(241,693)**	**(577,579)**
Net foreign currency asset position of off-balance sheet derivative	929,787	433,461	496,326
Net foreign currency (liability) position	**258,316**	**203,210**	**55,106**
Cash flow hedging (**)	1,425,756	1,425,756	-
Net foreign currency position after cash flow hedging	**1,684,072**	**1,628,966**	**55,106**

(*) 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. Since it will arise with the realization of highly probable FIT cost 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 1,425,756 is included at cash flow hedging in the foreign currency position table.

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.

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.1 Foreign currency risk management (Continued)

	1 January - 31 December 2021			
	Profit / Loss		**Other Comprehensive Income and Expense**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets / liabilities	(39,186)	39,186	-	-
Hedged items (-)	41,312	(41,312)	477,929	(477,929)
USD net effect	**2,126**	**(2,126)**	**477,929**	**(477,929)**
Change in EUR against TL by 10%				
EUR net assets / liabilities	(85,049)	85,049	-	-
Hedged items (-)	77,105	(77,105)	-	-
EUR net effect	**(7,944)**	**7,944**	**-**	**-**

	1 January - 31 December 2020			
	Profit / Loss		**Other Comprehensive Income and Expense**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets / liabilities	(23,025)	23,025	-	-
Hedged items (-)	43,346	(43,346)	142,576	(142,576)
USD net effect	**20,321**	**(20,321)**	**142,576**	**(142,576)**
Change in EUR against TL by 10%				
EUR net assets / liabilities	(44,122)	44,122	-	-
Hedged items (-)	49,633	(49,633)	-	-
EUR net effect	**5,511**	**(5,511)**	**-**	**-**

NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.2 Interest rate risk management

As of 31 December 2021 and 31 December 2020, the Group has no floating interest rate risk although the Group has CPI indexed bond obligation since the revenues under the concession agreement are also indexed to CPI.

As of 31 December 2021, the Group has TLREF indexed loans and bond with floating interest rate risk. Interest rate risk arising from those loans are managed through perpetually monitoring and analyzing 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 derivate instrument is determined by using valuation technique, which can be regarded as Level 2.

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.2 Interest rate risk management

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**
	31 December 2021	**31 December 2020**				
Derivative financial instruments	1,564,380	(105,550)	Level 2	Market Value	-	-

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	31 December 2021	31 December 2020
Cash at banks	411,992	588,571
Demand deposits	*193,317*	*171,715*
Time deposits	*218,675*	*416,856*
	411,992	588,571

As at 31 December 2021, TL 122,917 of the Group's demand deposits are blocked at different banks (31 December 2020: TL 126,729). 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 31 December 2021 time deposits consist of short term TL 69,390 and USD 11,200 balances (31 December 2020: TL 410,551 and EUR 700) with maturities between 3 - 5 days (31 December 2020: 4 - 7 days). The weighted average effective interest rates of TL and USD time deposits are 20.94% and 0.60% respectively as at 31 December 2021 (31 December 2020: weighted average effective interest rate 18.65% and 0.10% respectively).

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

	1 January - 31 December 2021	1 January - 31 December 2020
Adjustments related to interest (income) / expense based on revenue cap regulation (Note 22)	(56,312)	(29,918)
Adjustments related to financial income from service concession arrangements (Note 10, 19)	(2,950,583)	(2,069,123)
Adjustments related to revaluation differences arising from deposits (Note 22)	306,136	161,909
	(2,700,759)	(1,937,132)

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

	1 January - 31 December 2021	1 January - 31 December 2020
Net collections from financial assets related to service concession arrangements	4,364,519	2,254,395
Capital expenditures reimbursements (Note 10)	*2,555,978*	*1,341,622*
WACC reimbursements (Note 10)	*1,808,541*	*912,773*
Collections from doubtful trade receivable (Note 6)	165,828	177,479
	4,530,347	2,431,874

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NOTE 28 - 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 - 31 December 2021	1 January - 31 December 2020
Capital expenditures related to service concession arrangements	(2,749,691)	(1,845,241)
	(2,749,691)	(1,845,241)

NOT 29 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT COMPANY

The Group's explanation regarding the fees for the services rendered by the independent audit firm, which is prepared based on the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA)'s Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of POA dated 19 August 2021 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Audit services	1,220	946
Other assurance services	72	63
	1,292	1,009

Fees are determined by including all subsidiaries' statutory audit and other related service fees.

NOTE 30 - EVENTS AFTER THE REPORTING DATE

Applicable from 1 January 2022, 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 68% - 184% and distribution tariff to be applied to all customer groups has been increased by 24.3%. The final tariff reflected to the end user has been increased between 50% - 125%.

Applicable from 1 January 2022, EMRA has announced that the graded national tariff is applicable for the residential tariff group. The average daily consumption limit considered as 5 kWh is revised as 7 kWh as of 1 February 2022, and there has been no change in the unit prices.