



ENERJİSA ENERJİ ANONİM ŞİRKETİ

ACTIVITY REPORT FOR THE PERIOD OF 01.01.2022 – 30.06.2022



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REVIEW REPORT ON SEMI-ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Enerjisa Enerji A.Ş.

We have been assigned to review whether the financial information in the review report of Enerjisa Enerji A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) prepared as at 30 June 2022 is consistent with the reviewed interim condensed consolidated financial information. Management is responsible for the preparation of the semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the semi-annual report is consistent with the reviewed interim condensed consolidated financial information on which we have expressed our conclusion dated 9 August 2022.

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity”. Our review includes the assessment as to whether the financial information included in the semi-annual report is consistent with the reviewed interim condensed consolidated financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the semi-annual financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying financial information included in the review report is not consistent, in all material respects, with the interim financial information and the information presented in the explanatory notes to interim condensed consolidated financial statements.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Çağlar Sürücü, SMMM
Partner

Istanbul, 9 August 2022

Recovery in 2Q2022 and upward revision in 2022 Guidance

Unprecedented times for the whole energy sector across the world continue. Tight gas and coal markets, along with Russia's invasion of Ukraine have led to all time high coal and natural gas prices, pushing electricity procurement costs upwards.

While Enerjisa Enerji was not insulated from these developments, the Company managed to limit their impacts with its strong balance sheet and robust risk management. In 1H2022, Operational Earnings increased by 100% year-over-year to TL 6,664 million, while Underlying Net Income increased by 26%.

In the first half of 2022, regulatory retail tariffs not fully reflecting increase in electricity procurement costs, the indexation of tariffs at a lower assumption than realized inflation and temporary impact of VAT rate decrease in residential and agricultural irrigation tariffs have led to substantial working capital requirement and thus negative cash flow. Under these conditions, new regulatory mechanisms were introduced temporarily to address the sustainability of the system. Accordingly, the cash outflow in the second quarter of 2022 was more muted compared to the first quarter also supported by the measures undertaken by Enerjisa Enerji.

Enerjisa Enerji revised its 2022 Operational Earnings and Underlying Net Income Guidance upwards on the back of impact of increase in short and mid-term inflation assumptions.

The application results of the "Fast Charging Stations Support Program" for Electric Vehicles initiated by the Ministry of Industry and Technology of the Republic of Türkiye have been announced. Eşarj has been entitled to establish 495 fast charging stations (minimum 90 Kw and with minimum 2 charging sockets) in 53 cities. Approximately TL 300 million investment is planned by Eşarj within the scope of the tender.

Enerjisa Enerji is listed in the sustainability FTSE4Good Index as of June 2022. The index is designed to measure the performance of the companies demonstrating strong environmental, social and governance performance.

FINANCIAL HIGHLIGHTS

Operational Earnings (EBITDA + Capex reimbursements excluding exceptional items) of Enerjisa Enerji A.Ş. increased by 100% year-over-year from TL 3,326 million in 1H2021 to TL 6,664 million in 1H2022.

Including exceptional capex reimbursements related to prior tariff periods, which is being reflected to distribution tariffs between 2021 and 2022 (amount in 1H2022: TL 273 million), the operational earnings in 1H2022 was TL 6,937 million.

Underlying Net Income increased by TL 263 million year-over-year (26% increase) to TL 1,276 million in 1H2022. In addition to the changes in the Operational Earnings, the main factors driving changes in the Underlying Net Income were as follows:

- Net loan interest expense increased by TL 856 million due to an increase in both financial debt and interest rates. The average loan interest rate increased by 12.9 percentage points year-over-year to 25.1% in the first half of 2022. Net loan interest expense includes TL 162 million FX losses on operational items, which is more than compensated by TL 340 million hedging gains in other item of the distribution segment. Excluding the FX impact, the increase in financing costs is 10.8 percentage points year-over-year.

- The revaluation expenses of both bonds and customer deposits were significantly higher than the same period of last year. The inflation indexed bonds and deposits is revalued with the inflation between October 2021 and April 2022 for 1H. The revaluation rate in 1H2022 was 55%. Most of the deposit revaluation expenses are of non-cash nature.
- Tax expenses increased with increase in pre-tax earnings.
- Other financial item (income) was TL 360 million in 1H2022 compared to TL 10 million in 1H2021. There is a significant increase in that item due to accrual for financial compensation of higher working capital need via regulatory t+2 mechanism.

Free Cash Flow After Interest and Tax decreased from TL 1,072 million in 1H2021 to negative TL 4,536 million in 1H2022. The negative free cash from is driven by the below factors:

- Continuing increase in electricity procurement prices, not supported with the current national tariff levels.
- Change in supply mix: In the first half of 2022, there was no supply from state owned EÜAŞ for regulated retail segment due to constrained capacity factors of hydro plants and other market conditions, increasing the weighted average electricity procurement costs and reducing payable duration.
- Decrease in VAT rate of on electricity tariffs for residential and agricultural irrigation customer groups from 18% to 8%, while the electricity procurement continued to be taxed at 18% VAT. This impact is partly reversed in the second quarter of the year.
- The impact of yearly inflation assumption incorporated to national tariff calculations. The annual inflation assumption for June 2022 was set at 25.8% in the national tariffs, which is far below the actual inflation, impacting especially the distribution segment. While operational cash flow of distribution segment was strong in 1H2022, the inflation assumption build in tariffs still had a negative impact on the performance of the segment.
- The lag in reflection of positive impact of new regulatory mechanisms to the cash flow due to settlement periods.

Economic Net Debt (including non-financial net debt such as lease liabilities and customer deposits) increased from TL 11.3 billion in June 2021 to TL 19.7 billion in June 2022.

Net Financial Debt / Last Twelve Month Operational Earnings was 1.5x as of June 2022 (1.4x as of June 2021).

Distribution Business

Distribution business unit's operational earnings accounted for 78% of Enerjisa Enerji's operational earnings in 1H2022. The main changes in the operational earnings of the distribution business unit in 1H2022 compared to 1H2021 are as follows:

- **Financial Income:** Financial income increased by TL 985 million, reaching TL 2,117 million, mainly due to the impact of higher short and mid-term inflation assumptions leading to higher IRR.
- **CAPEX Reimbursements:** Excluding exceptional reimbursements related to previous regulatory periods, Capex reimbursements increased from TL 1,051 million in 1H2021 to TL 2,059 million in 1H2022 (TL 1,008 million increase) mainly due to inflation impact and higher Capex ceiling.
- **Efficiency & Quality Earnings:** Total Efficiency & Quality earnings increased by 10% in 1H2022 compared to 1H2021.

- **Capex Outperformance:** The effectiveness of capex unit price escalation mechanism decreased due to supply bottlenecks and local factors. As a result, Capex outperformance was zero in 1H2022.
- **Opex Outperformance:** Opex outperformance in 1H2022 was negative TL 16 million due to cost increase in commodity linked items, such as material and fleet, exceeding inflation.
- **Theft & Loss Outperformance:** Theft & Loss outperformance was lower than in 1H2021 due lower net procurement price.
- **Theft accrual:** Theft accrual and collection earnings increased by 112% to TL 386 million due to increase in national tariff prices.
- **Quality Earnings:** Quality earnings increased from TL 38 million in 1H2021 to TL 71 million in 1H2022 due to inflation impact.
- **Tax Correction:** Tax Correction increased from TL 142 million in 1H2021 to TL 235 million in 1H2022 mainly due to inflation impact.
- **Other Item:** Other item in 1H2022 was TL 320 million, compared to TL 66 million in 1H2021, mainly due to CAPEX MtM of hedges.

Retail Business

The contribution of the Retail business unit in operational earnings was 22% in 1H2022. Retail business demonstrated an operational earnings growth of 186% year-over-year in 1H2022 mainly as a result of increase in gross profit of regulated market segment.

- The regulated segment gross profit increased by TL 977 million year-over-year to TL 1,395 million in 1H2022. Regulated gross profit increased due to higher electricity procurement prices and higher retail service revenue due to increase in opex allowance mainly driven by higher inflation.
- The liberalized segment gross profit increased from TL 210 million in 1H2021 to TL 384 million in 1H2022.

Total retail sales increased by 16% from 16.8 TWh in 1H2021 to 19.5 TWh in 1H2022 driven by strong growth in Enerjisa's home regions. Moreover, strong growth in other regions also contributed to that performance.

- Liberalized segment sales increased by 11% from 5.2 TWh in 1H2021 to 5.8 TWh in 1H2022.
- Regulated segment sales increased by 18% from 11.6 TWh in 1H2021 to 13.7 TWh in 1H2022.

The bad debt related income and expense declined from TL 77 million in 1H2021 to TL 70 million in 1H2022 as doubtful provision expenses per kWh increased mainly due to increase in electricity tariffs, while this has not reflected to late payment income in the same magnitude yet due to timing of accrual of late payment income.

Customer Solutions

Customer solutions gross profit increased by 239% year-over-year to TL 61 million in 1H2022 mostly due to solar projects. The contribution of the Customer Solutions business unit in operational earnings was 1% in 1H2022.

Guidance

The 2022 guidance has been revised upwards as below:

- 60%-70% year-over-year growth in **Operational Earnings** (previous: above 40% growth)
- Above TL 2.3 billion **Underlying Net Income** (previous: above TL 2.2 billion)

The upward revision in Operational Earnings guidance is driven both by distribution and retail business units. The Company forecasts operational earnings growth of distribution to be higher driven by increase in short and mid-term inflation assumptions. Retail operational earnings growth forecast increased due to higher sourcing costs.

1- GENERAL INFORMATION

a) Accounting period that the report relates to	: 01.01.2022 – 30.06.2022
b) Trade-name of the Company	: ENERJİSA ENERJİ ANONİM ŞİRKETİ
Trade registration number	: 800865
Head office contact details and website address	: Barbaros Mah. Begonya Sok. Nida Kule Ataşehir Batı Sitesi No: 1 / 1 Ataşehir-İSTANBUL Phone : 0216 579 05 79 Fax : 0216 579 05 30 e-mail : enerjisa-info@enerjisa.com website : www.enerjisa.com.tr

c) Nature of operations

The Company was established on December 21, 2011 and provided services in the areas of generation, trade, sales, distribution and retail of electricity as the parent company until August 25, 2017. In 2017, “distribution and sales activities” and “electricity generation and trade activities” was split under “Enerjisa Enerji A.Ş.” and “Enerjisa Üretim Santralleri A.Ş.” respectively. As a result of these transactions, the Company’s main activities under the new structure are customer-focused electricity distribution and retail service. 20% of Enerjisa Enerji shares was offered to the public and Enerjisa was listed on Borsa İstanbul on February 8, 2018.

As of June 30, 2022, Enerjisa Enerji with 11.8 million distribution connection points and with approximately 10.4 million customers is the leading downstream electricity company.

Electricity distribution is carried out by Başkent Elektrik Dağıtım A.Ş. (Baskent EDAŞ), İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAŞ) and Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAŞ). Retail sales of electricity is carried out by Enerjisa Başkent Elektrik Perakende Satış A.Ş. (Baskent EPSAŞ), Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (AYESAŞ) and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (Enerjisa Toroslar EPSAŞ). Enerjisa Müşteri Çözümleri A.Ş. was established on December 29, 2017 to operate in customer solutions and distributed generation.

d) The organization, capital and shareholding structures of the Company and related changes in the fiscal period

Members of the Board of Directors:

To be effective as of May 12, 2021, it was resolved that; Mr. Cenk ALPER, to be appointed as member of Board of Directors in lieu of Mr. Barış ORAN, who had resigned from the Board of Directors, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code.

Dr. Eric René C. Depluet, Vice-Chairman of the Board of Directors and member of the Early Risk Detection Committee, retired on 31 December 2021. To be effective as of 1 January 2022, it was decided that Thorsten Lott to be appointed as member of Board of Directors to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code.

At the 2021 Ordinary General Assembly meeting held on March 30, 2022; it was decided to approve the appointment of Cenk Alper to serve in the remaining period, in lieu of Barış Oran, and the appointment of Thorsten Lott to serve in the remaining period, in lieu of Dr. Eric René Depluet.

To be effective as of April 1, 2022, the Board of Directors resolved that:

Mr. Dr. Guntram WÜRZBERG to be appointed as the Board of Directors' member in lieu of Ms. **Dr. Eva-Maria Verena VOLPERT**, who had resigned from the Board of Directors with effect from April 1, 2022, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code,

Mr. Nusret Orhun KÖSTEM to be appointed as the Board of Directors' member in lieu of Mr. **Cenk ALPER**, who had resigned from the Board of Directors with effect from April 1, 2022, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code,

Ms. **Kamuran UÇAR** to be appointed as an Independent Member of the Board of Directors in lieu of Mr. **Mehmet SAMİ**, who had resigned from Independent Membership of the Board of Directors with effect as of April 1, 2022, subject to the opinion of Capital Markets Board. The appointment is subject to the approval of the first next General Assembly meeting.

The members of the Company's Board of Directors as of April 1, 2022 are as follows:

Member of Board of Director	Duty	Date of Appointment	End of Duty
Kıvanç Zaimler	Chairman	30.03.2021	30.03.2024
Johan Magnus Moernstam	Vice Chairman	30.03.2021	30.03.2024
Nusret Orhun Köstem	Member	01.04.2022	30.03.2024
Thorsten Lot	Member	01.01.2022	30.03.2024
Hakan Timur	Member	30.03.2021	30.03.2024
Guntram Würzburg	Member	01.04.2022	30.03.2024
Fatma Dilek Yardım	Independent Member	30.03.2021	30.03.2024
Kamuran Uçar	Independent Member	01.04.2022	30.03.2024

Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2021		30.06.2022	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	472,427,587.56	40.0	472,427,587.56	40.0
DD Turkey Holdings S.A.R.L.	472,427,587.56	40.0	472,427,587.56	40.0
Other (Public)	236,213,792.00	20.0	236,213,792.00	20.0
TOTAL	1,181,068,967.12	100.0	1,181,068,967.12	100.0

Changes that occurred in the Company capital during the period:

There was no change.

e) Remarks on privileged shares and voting rights of such shares, if any: Privileged shares do not exist.

f) Information on the management body, senior officers and number of employees:

As of June 30, 2022 the organization of senior management is as below:

- Murat Pınar, CEO
- Dr. Michael Moser, CFO

The Group has 11,461 employees as of 30.06.2022.

g) Rights and benefits granted to employees:

The rights and benefits provided by the Company to the personnel are specified in the Human Resources Policy published on the website.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy>

h) Information on the transactions executed by the members of the management body with the company on their own behalf or on behalf of others within the framework of the permission granted by the general assembly of the company as well as their activities under the scope of prohibition of competition, if any:

The Chairman and the members of the Board of Directors cannot directly or indirectly execute any transaction with the Company on their behalf or on behalf of others, without the prior permission of the General Assembly. During the period of 01.01.2022 – 30.06.2022, the members of the Board of Directors neither executed any transaction with the Company, nor been involved in any attempts that can compete with the Company in its fields of operation.

i) If there is a distribution of duties among the members of the Board of Directors, the duties and authorities of the members of the board of directors: Not Applicable

2- FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE MANAGEMENT BODY AND THE SENIOR-LEVEL EXECUTIVE OFFICERS

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 in thousands of Turkish Lira:

	1 January - 30 June 2022	1 January - 30 June 2021
Short-term employee benefits	36,435	26,482
Long-term employee benefits	805	1,804
	<u>37,240</u>	<u>28,286</u>

3- RESEARCH AND DEVELOPMENT ACTIVITIES

During the period of 01.01.2022 - 30.06.2022, TL 1,214,670.55 was spent on the projects supported by EU Framework Programs, TÜBİTAK and EMRA R&D funds.

4- COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS

a) Information on the main developments during the related fiscal period:

Ratings

JCR Avrasya Derecelendirme A.Ş., has affirmed ratings of Enerjisa Enerji A.Ş. as "AAA (tr) / (Stable Outlook)" on the Long Term National Rating and as "J1+ (tr) / (Stable Outlook)" on the Short Term National Rating on 30.06.2022. The Long Term International Foreign and Local Currency Ratings are both affirmed at "BBB+ / (Stable Outlook)".

International credit rating agency Fitch Ratings affirmed the National Long-Term Ratings of Enerjisa Enerji A.S. and its subsidiary, Başkent Elektrik Dağıtım A.S. as 'AA+ (tur)' on 26.01.2022. The outlooks on both ratings are Stable. At the same time, the Fitch credit rating process for Başkent Elektrik Dağıtım A.Ş. by was terminated by mutual consent due to commercial reasons.

Dividend Payment

The Company held its Ordinary General Assembly for 2021 on March 30, 2022. The minutes of the meeting were announced to the public on the website and at the Public Disclosure Platform (PDP). According to the decision taken at the meeting:

Pursuant to the review of the Consolidated Financial Statements for the year 2021, prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to distribute the profit as follows:

- Distribution of total TL 1,464,525,519.23 dividend (Gross 124%, Net 111.6%) from TL 2,218,053,244.14 Consolidated Net Distributable Profit including the donations incurred between 01.01.2021 - 31.12.2021 in cash to the shareholders who are representing the TL 1,181,068,967.12 capital and;
- Distribution of the cash dividend, beginning from April 11, 2022.

Dividends derived from the Group's distributable earnings in 2021 have been distributed within April, 2022.

Regulative Developments

Legislative changes specific to the electricity sector are summarized below:

Eligible Consumer Limit for the year 2022: With the EMRA Decision dated 16.12.2021 and numbered 10623, published in the Official Gazette dated 22 December 2021 and numbered 31697, it was decided to reduce the eligible consumer limit to 1,100 kWh for the year 2022. The said Board decision entered into force on 01.01.2022 (Applied as 1,200 kWh in 2021).

Electricity tariffs:

The tariffs applied by the incumbent retail companies to distribution system users (non-eligible consumers and eligible consumers with low consumption in accordance with the Communiqué on the Regulation of the Last Source Supply Tariff) are summarized below:

General Lighting Unit Cost (kr/kWh)					
As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.04.2022	As of 01.06.2022	As of 01.07.2022
58.0154 kr/kWh	68.9626 kr/kWh	170.4791 kr/kWh	237.5847 kr/kWh	237,5847 kr/kWh	294.9175 kr/kWh

Green Tariff Table (kr/kWh)					
As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.04.2022	As of 01.06.2022	As of 01.07.2022
74.7372 kr/kWh	92.6227 kr/kWh	189.0181 kr/kWh	204.8204 kr/kWh	262,2851 kr/kWh	262.2851 kr/kWh

Retail Single Term Energy Fee (TL/MWh)					
	As of 01.07.2021	As of 01.01.2022	As of 01.03.2022	As of 01.04.2022	As of 01.07.2022
Transmission Customers					
Industrial	638.7	1,474.3	1,474.3	1,955.0	2,453.6
Distribution Customers: Low Voltage, Single Term					
Industrial	648.7	1,669.1	1,669.1	2,048.2	2,622.9
Commercial (Below the Limit)	706.3	1,890.2	1,337.4	1,331.9	1,746.4
Commercial (Over the Limit)	706.3	1,890.2	1,890.2	1,884.6	2,437.4
Residential (Below the Limit)	474.3	794.6	794.6	789.2	955.5
Residential (Over the Limit)	474.3	1,348.8	1,348.8	1,343.4	1,592.8
Martyr Families	174.6	312.6	312.6	309.0	387.8
Agricultural Irrigation	637.5	1,399.0	1,399.0	1,394.4	1,643.8
Illumination	646.9	1,742.1	1,742.1	1,736.8	2,249.1

Distribution Fee (TL/MWh)					
	As of 01.07.2021	As of 01.01.2022	As of 01.03.2022	As of 01.04.2022	As of 01.07.2022
Transmission Customers					
Industrial	0.0	0.0	0.0	0.0	0.0
Distribution Customers: Low Voltage, Single Term					
Industrial	200.0	248.6	248.6	252.9	252.9
Commercial (Below the Limit)	271.1	336.9	336.9	342.7	342.7
Commercial (Over the Limit)	271.1	336.9	336.9	342.7	342.7
Residential (Below the Limit)	265.1	329.5	329.5	335.2	335.2
Residential (Over the Limit)	265.1	329.5	329.5	335.2	335.2
Martyr Families	179.8	223.5	223.5	227.3	227.3
Agricultural Irrigation	222.7	276.8	276.8	281.6	281.6
Illumination	259.6	322.7	322.7	328.2	328.2

End User Price (TL/MWh)*					
	As of 01.07.2021	As of 01.01.2022	As of 01.03.2022	As of 01.04.2022	As of 01.07.2022
Transmission Customers					
Industrial	766.5	1,757.0	1,757.0	2,329.9	2,924.2
Distribution Customers: Low Voltage, Single Term					
Industrial	1,014.5	2,282.6	2,282.6	2,739.5	3,424.3
Commercial (Below the Limit)	1,217.5	2,739.5	2,054.6	2,054.6	2,568.2
Commercial (Over the Limit)	1,217.5	2,739.5	2,739.5	2,739.5	3,424.3
Residential (Below the Limit)	915.6	1,373.3	1,256.9	1,256.9	1,445.5
Residential (Over the Limit)	915.6	2,060.0	1,885.4	1,885.4	2,168.2
Martyr Families	434.0	651.1	595.9	595.9	685.3
Agricultural Irrigation	1,073.0	2,060.0	1,885.4	1,885.4	2,168.2
Illumination	1,128.5	2,539.2	2,539.2	2,539.2	3,174.0

* Before 2022: End User Price includes; TRT Share, Energy Fund, Municipality Tax and VAT.

As of 2022, End User Price includes; Municipality Tax and VAT.

As of March 2022, VAT is 8% for Residential and Agricultural Irrigation subscriber groups (previous 18%).

Decision of the Energy Market Regulatory Board dated 31.01.2022 and numbered 10756: With the Decision published in the Official Gazette dated 1 February 2022 and numbered 31737, for the invoices to be issued as of February 1, 2022, it has been decided to apply low-tier and high-tier tariffs for the Residential Subscriber Group (low voltage level and single time period) as follows;

- Daily average up to 7 kWh: Low-tier tariff
- Daily average exceeding 7 kWh: Low- tier tariff up to 7 kWh, high-tier tariff for the part exceeding the limit.

With the Board decision dated 31.12.2021 and numbered 10707, the average daily consumption for the Residential Subscriber Group (low voltage level and single time period) was determined as 5 kWh. Thus, the daily average for invoices has been updated as 7 kWh.

Decision of Energy Regulatory Board Dated 28.02.2022 and numbered 10818: The daily average consumption limit for low-tier tariff has been revised from 7 kWh to 8 kWh per day for the Residential Subscriber Group (low voltage level and single time period) for the invoices to be issued as of 01.03.2022.

Decision of Energy Regulatory Board dated 28.02.2022 and numbered 10819: With the Decision, for the invoices to be issued as of March 1, 2022, it has been decided to apply low-tier and high-tier tariffs for the Commercial Subscriber Group (low voltage level and single time period) as follows;

- Daily average up to 30 kWh: Low-tier tariff
- Daily average exceeding 30 kWh: Low-tier tariff up to 30 kWh, high-tier tariff for the part exceeding the limit.

Elektrik Üretim A.Ş. tariffs: The summary of the active electricity energy wholesale tariff, which is determined quarterly by EMRA Board decisions and applied by EÜAŞ is as follows:

Technical and Non-Technical Lost Energy Sales to Distribution Companies and Sales Made to Incumbent Retail Companies (kr/kWh)				
As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.04.2022	As of 01.07.2022*
16.9149 kr/kWh	23.7636 kr/kWh	31.8592 kr/kWh	31.8592 kr/kWh	31.8592 kr/kWh

Sales to Distribution Companies within the Scope of General Lighting (kr/kWh)				
As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.04.2022	As of 01.07.2022
33.0000 kr/kWh	42.0000 kr/kWh	135.0000 kr/kWh	200.0000 kr/kWh	256.0000 kr/kWh

With the EMRA Board decision dated 08.08.2022, the tariffs for sales made to incumbent retail companies is updated as 110.0321kr/kWh. There is no change in tariffs for technical and non-technical lost energy sales to distribution companies.

Amendment on the Consumption Volume of the Last Resource Tariff for the Year 2022: With the Board Decision dated 31.03.2022 and numbered 10907, which was published in the Official Gazette dated April 2, 2022 and numbered 31797, the consumption volume of the last resource tariff for 2022 was determined as of 01.07.2022 as follows:

Consumer Group	Consumption Volume (kWh/year)
Household	50 million
Agricultural Irrigation	7 million
Commercial	1 million
Industrial	1 million
Lighting	1 million

The last resource supply limit for the commercial, industrial and lighting consumer group has been reduced from 3 million kWh to 1 million kWh.

Support Fee Application: With the provision added to Article 17 (titled “tariffs and supporting consumer”) of the Electricity Market Law numbered 6446 on 08.03.2022, it is aimed to protect consumers against cost increases, ensure security of supply and support electricity generators having unreasonable cost differences in electricity production compared to other generators. For that purpose, EMRA may determine a resource based support fee not exceeding six months at each time.

In the Procedures and Principles (Procedures and Principles) Regarding the Determination and Application of Resource Based Support Fee published in the Official Gazette dated 18.03.2022 and numbered 31782, general principles regarding the determination of the maximum settlement price and support fee were regulated and calculation method of support fee was explained.

With EMRA Board Decision published in the Official Gazette dated 30.03.2022 and numbered 31794, within the scope of the article named “determination of the maximum settlement price and support fee of the Procedures and Principles”, it was decided to apply a support fee for 6 months as of 01.04.2022 in order to support consumers and/or generators bearing high generation cost and the maximum settlement prices were determined for imported coal/natural gas/fuel oil/naphtha/LPG/diesel oil based resources and for other resources.

With the **Regulation Amending the Regulation on Certification and Support of Renewable Energy Resources**, a regulation where as in case the YEKDEM income is more than the total price of the YEK in a billing period, the payment obligation rate, will be applied for the consumers whose tariffs are subject to regulation, the calculation will be calculated by taking into account the settlement amounts of the relevant suppliers has been put in order.

Amendment to Electricity Market Consumer Services Regulation: With the Regulation that entered into force by being published in the Official Gazette dated April 8, 2022 and numbered 31803, the obligation to file a criminal complaint for illegal electricity consumption was repealed. Pursuant to the amendments made by the regulation, for all detections in cases of major illegal electricity use, for detections in cases of simple illegal electricity use, a criminal complaint to the Public Prosecutor's Office can be filed against real or legal persons whose illegal electrical energy consumption is detected.

Electricity Distribution System Regulation: With the Regulation published in the Official Gazette dated April 15, 2022 and numbered 31810, the Electricity Market Distribution Regulation was repealed. The summary of the important regulations brought by the Electricity Distribution System Regulation is as follows:

- **Obligation to Prepare an Annual Maintenance Plan (effective date 15.04.2022):** The distribution company is obliged to prepare an annual maintenance plan. The maintenance plan prepared for the next year shall be submitted to EMRA until 31 December each year. In case of any changes in the maintenance plans, the revised maintenance plans shall be submitted to EMRA in quarterly periods along with their justifications.
- **Maintenance Management System (effective date 15.04.2022):** Work order and vehicle tracking records related to maintenance activities, distribution assets maintained, materials used, maintenance minutes and video, photographs, etc. documents shall be recorded in the aforementioned system. Maintenance Management System records shall be submitted to EMRA via EDVARS. The system will be integrated into GIS (Geographical Information System).
- **Obligation to Monitor in Real Time (effective date 15.04.2022):** Monitoring in real time and recording (i) the flow, voltage and power consumption data of medium voltage level feeders of distribution centers that will be newly facilitated having at least three output feeders excluding input-output feeders in the ring network, or having at least 5,000 kVA installed power, (ii) the flow, voltage and power consumption data of low voltage level bar of distribution transformers to be newly facilitated with 1,000 kVA and above are obligatory.
- **Obligation to Install Remote Measurement and/or Control Systems (effective date 15.04.2022):** The distribution company is obliged to install and operate the remote measurement and/or control systems of the distribution system.
- **Obligation to Create GIS (effective date 15.04.2022):** An obligation to create a GIS with a database showing the electrical equipment to be determined by EMRA and integrated with monitoring systems has been introduced.
- **Obligations for Generation License Owners, Electricity Storage Facility Owners and Unlicensed Producers (effective date 15.04.2022):** Legal entities holding electricity generation license and storage facilities and real or legal persons who own unlicensed generation power plants with an installed power

of 50 kW or more are obliged to establish the necessary systems for data transfer to the SCADA of the distribution company and provide the necessary communication link.

- **Obligation to Prepare Emergency Management Plans (effective date of 15.04.2022):** An obligation to prepare an emergency management plan to be kept up to date and to establish an emergency response organization has been introduced in cases where the distribution network is partially or completely unintentionally de-energized. Distribution companies will be able to supply crisis coordination and unmanned aerial vehicles.
- **Obligation to Have Mobile Generators (effective date 31.12.2022):** The obligation to have (i) at least one mobile generator with medium voltage output, and (ii) at least one mobile generator with low voltage level for each provincial center and districts with a population of more than 100,000 has been introduced.
- **Obligation to Establish User Service Center (effective date 31.12.2022):** It is obligatory to establish user service center to receive and respond to the applications regarding (i) connection application (ii) malfunction notification (iii) illegal use notifications, (iv) complaints (v) distribution activity subject. Information on the number of user service centers shall be submitted to EMRA until 31 January each year in accordance with the format to be determined by EMRA. The minimum number criteria are set as follows:

In the central districts of the Metropolitan Municipality	Provincial centers and districts with a population of more than fifty thousand	In districts with a population between five thousand and fifty thousand
The project approval, temporary acceptance, meter control, objection and similar transactions, as a minimum (distance of the user services center to the user shall not exceed a maximum of 20 km)	Project approval, temporary acceptance, meter control, objection and similar transactions, as a minimum	Receiving applications from users as a minimum

Distribution company shall establish user services centers in provinces and districts with sufficient equipment and personnel qualified to carry out the above-mentioned services.

- **Obligation to Comply with the PDPL:** The data that distribution company is obliged to publish on the website within the framework of the relevant legislation regarding the electricity market shall be published in accordance with the provisions of the Personal Data Protection Law and the legislation regulated based on this Law.
- **Compliance with TS, EN, CENELEC, IEC Standards (effective date 15.04.2022):** The new facility or equipment to be connected to the distribution system and the installation of this facility or equipment shall comply with the aforementioned standards.
- **Maintenance Training for Personnel (effective date 15.04.2022):** Personnel assigned to maintenance work are required to have received the necessary training and documents on occupational health and safety and maintenance in the electricity distribution system.

Amendment in the Regulation on the Technological Product Investment Support Program: The amendments concerning the electrical energy sector in the Regulation published in the Official Gazette dated March 22, 2022 and numbered 31786 are summarized below:

- Investments in the establishment of fast-charging stations for electric vehicles in the field of mobility, which have a high level of economic impact and the potential to accelerate development in multiple sector, to be carried out by real or legal persons residing in Turkey, have been included in the purpose and scope of the Regulation.
- Technological product investment support program has been defined as the program that supports investment projects for technological products resulting from industrial R&D and innovation projects, and investment projects for the establishment of fast-charging stations for electric vehicles.

- Within the scope of the technological product investment support program, it has been regulated that non-refundable support may be provided up to 75% of the expenditures constituting the investment project amount, in the projects to be supported for the establishment of fast charging stations for electric vehicles in the field of mobility.
- It has been foreseen that the total amount of non-refundable support to be provided to businesses for each investment project, including the additional points for domestic goods, cannot exceed TL 20,000,000 in projects for the establishment of fast charging stations for electric vehicles in the field of mobility.
- Provided that the place and the purpose of using the machinery and equipment purchased by using the support program within the scope of the project have not changed, it has been stipulated that these machinery and equipment cannot be sold for a period of 1 year, rented to other individuals, institutions/organizations in any way, and the right of use cannot be transferred under any name or form.

Procedures and Principles Regarding Payments Not Made Within the Scope of Unlicensed Production (Procedures and Principles): Procedures and Principles prepared based on the 17th paragraph of article 132/Ç of the Electricity Market Balancing and Settlement Regulation were published in the Official Gazette dated 15.06.2022 and numbered 31867. In this context, if it is determined that the incumbent retail companies do not make the payments to the unlicensed generators on time and/or partially or completely within the scope of the Unlicensed Production Regulation;

- Net advance receivables within the scope of transactions carried out in the Day-Ahead Market and Intra-Day Market of the incumbent retail company are blocked by the central settlement institution for a period not exceeding 1 year.
- Incumbent retail company is not allowed to enter a bilateral agreement subject to settlement of which the incumbent is seller and forward bilateral agreement notifications for selling are cancelled for a period not exceeding 1 year.

Procedures and Principles will come into force as of 01.07.2022 and the incumbent retail companies are required to complete all measures within this scope until 30.06.2022.

Amendments of The Procedures and Principles Regarding the Determination of Maximum and Minimum Price Limits in the Day-Ahead Market and the Balancing Power Market in the Second Quarter: With the amendment made in the provisional article 1 of the Procedures and Principles Regarding the Determination of Maximum and Minimum Price Limits in the Day Ahead Market and Balancing Power Market in the second quarter, the minimum and maximum price limits to be applied are summarized in the table below:

Minimum and Maximum Price Limits Applicable After the Amendments to the Provisional Article 1			
As of 01.04.2022	As of 19.05.2022	As of 01.06.2022	As of 01.07.2022
Minimum; 0 TL/Mh, Maximum; 2,500 TL/MWh	Minimum; 0 TL/MWh, Maximum; 2,750 TL/MWh	Minimum 0 TL/MWh, Maximum; 3,200 TL/MWh	Minimum 0 TL/MWh, Maximum 3,750 TL/MWh

Amendment to the Electricity Market Balancing and Settlement Regulation: Pursuant to the Amending Regulation published in the Official Gazette dated 1 July 2022 and the amendment made in the Article 132/D of the Balancing and Settlement Regulation, the authorized supplier companies, if deemed necessary by the Board for the following consumer categories*, and for the period determined by the Board; they may not pay the amounts included in the advance payment notifications specified in the first paragraph of Article 132/Ç, partially or completely, during the said period. Regarding the advance payments not made within this scope;

- Payment of the balance amount belonging to the related billing period shall be made until the last payment date of the invoice.
- Default interest is applied for the balance amounts. The default interest rate is the interest rate determined in accordance with Article 51 of the Law on The Procedure for the Collection of Public Interest number 6183.

With the Decision of the Energy Market Regulatory Board dated 30/06/2022 and numbered 11052 and pursuant to the amended Article 132/D of Electricity Market Balancing and Settlement Regulation, it has been decided that the implementation regarding the fees included in the advance payment notifications of the incumbent retail companies will be valid until July 1, 2022 – August 31, 2022.

*

- a) Non-eligible consumers
- b) Eligible consumers who have not chosen their supplier
- c) Eligible consumers who have previously chosen their supplier and receive energy from the authorized supply company
- d) Consumers who want to procure energy from eligible and non-eligible consumers over the tariffs determined in order to support renewable energy sources

With the Presidential Decree No. 5801 published in the Official Gazette on 21 July 2022, **the late payment interest rate** has been determined as 2.5% per month to be calculated separately for each month; valid from the date of publication.

Developments on Electric Vehicle Charging Stations

Charging Service Regulation: Charging Service Regulation was published in the Official Gazette dated 02.04.2022 and numbered 31797. The highlights of the Regulation are listed below.

- Charging network management is carried out within the scope of the charging network operator license obtained from EMRA.
- Licensed legal entities operating in the electricity market and whose tariffs are subject to regulation cannot apply for a charging network operator license and cannot provide charging services.
- The charging service price is freely determined. The charging service price is applied in terms of the unit energy price (TL/kWh) transferred to the electric vehicle. For the charging service, usage fee (such as connection fee, transaction initiation fee, and charging equipment) other than the price calculated on the basis of the charging service price cannot be asked.

Procedures and Principles Regarding the Applications for Charging Network Operator License Transactions (Procedures and Principles): With EMRA decision numbered 10852 published in the Official Gazette dated 02.04.2022 and numbered 31797, Procedures and Principles Regarding the Applications for Charging Network Operator License Transactions were published. It was regulated that application, termination, amendment and replacement of the charging network set by the Charging Service Regulation should be made electronically through the EMRA application system. In addition, information and documents to be submitted regarding the applications were arranged.

Minimum Capital Amount for Charging Network Operator License was Determined: With the Board Decision of the Energy Market Regulatory Board dated 17/03/2022 and numbered 10853 published in the Official Gazette dated April 2, 2022 and numbered 31797, it has been decided that the minimum capital amount for legal entities that will apply for a charging network operator license is determined as 4.5 million Turkish Liras.

Enerjisa Customer Solutions

Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj), in which our fully owned subsidiary Enerjisa Müşteri Çözümleri (Enerjisa Customer Solutions) has a 94% stake, was granted a charging network operator license (CPO and MSP) numbered ŞH/11032-4/00014 with the EMRA decision. The license is valid until 23.06.2071.

An application, regarding the Energy Performance Contract between Enerjisa Müşteri Çözümleri A.Ş. and Galatasaray Spor Kulübü Derneği on design, construction and maintenance work of rooftop solar power plant, was filed on April 2nd, 2021 to the Turkish Competition Authority in scope of the article 8 of the Act No. 4054 on the Protection of Competition, which regulates the negative clearance process where the authority was expected to confirm that the contract is not contrary to articles 4, 6 and 7. Following detailed evaluation the Turkish Competition Board granted negative clearance to the above mentioned contract in its meeting dated October 21st, 2021 and numbered 21-51/706-350. The related Reasoned Decision was delivered to Enerjisa Müşteri Çözümleri A.Ş. on April 5th, 2022.

Other

Common and Recurring Related Party Transactions of the Same Nature: Board of Director's Compliance Report on Common and Recurring Related Party Transactions of the Same Nature prepared within this framework was reviewed and approved by the Board of Directors with the resolution dated 25 February 2022, and the conclusion of the report was announced on the Public Disclosure Platform. The conclusion and evaluation section of the report is as follows.

As per the Article 10 of the Corporate Governance Communiqué numbered (II-17.1) issued by the Capital Markets Board and published in the Official Gazette no. 28871 dated 03 January 2014, for the year 2022, it is anticipated that the total amount of electricity purchase transactions having common and recurring nature by Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., and Enerjisa Toroslar Elektrik Perakende A.Ş., (the subsidiaries of Enerjisa Enerji A.Ş. as per full the financial reports which are prepared with the consolidation methodology in line with CMB regulation) from the related parties, Enerjisa Enerji Üretim A.Ş. and Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. is expected to exceed 10% of the amount of cost of sales specified in the financial statements for 2021 disclosed to public. For this reason; the nature, the terms and conditions of the related transactions, the pricing methodology are explained and information provided on the current status of the transactions against arm's length principles are provided in this Report.

The transactions within the framework planned under the scope of the Company budget are to be executed by Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa Toroslar Elektrik Perakende Satış A.Ş. with Enerjisa Enerji Üretim A.Ş. and Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. in 2022 will be executed within the market conditions and on arm's length principles which are set as per comparable pricing methodology.

Directors and Officers liability insurance: In accordance with the clause of 4.2.8 of the Capital Markets Board's Corporate Governance Communiqué, "The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital and this matter is disclosed on the Public Disclosure Platform", a Directors and Officers liability insurance, valid between 07.04.2022-07.04.2023 and providing coverage up to 30,000,000 USD, has been made for Enerjisa Enerji A.Ş. Therefore, compliance with Article 4.2.8 of the Corporate Governance Principles has changed from partial compliance to full compliance.

Auditor election: The General Assembly resolution dated 30 March 2022 regarding the election of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the Auditor to audit the financial statements for the year 2022 and to carry out other activities within the scope of relevant regulations has been registered on 8 April 2022 and announced in Issue No. 10555 dated 8 April 2022 of the Turkish Trade Registry Gazette.

Application for issuance of green bonds and green bills: According to our Board of Directors resolution in accordance with the Capital Markets Law No. 6362, the Communiqué on Borrowing Instruments numbered VII-128.8 and other relevant legislation and Article 7 of the Articles of Association of our Company titled "Issue of Debt Securities, Bonds and Similar Securities", provided that the necessary procedures are carried out and completed in accordance with the relevant legislation, in particular the Capital Market Legislation, it has been decided in accordance with the authority given by the Company's Articles of Association, on issuance of green bonds and green bills for a total amount up to TRY 1,500,000,000 (one billion and five hundred million Turkish Lira) denominated in Turkish Lira, with various maturities up to 5 (five) years, to be sold to domestic qualified investors without public offering, and in one or more times. Within this resolution scope, necessary approval application has been made to the Capital Markets Board on 15.06.2022.

Developments in 2021 Regarding the Action for Cancellation Against the Administrative Fine Imposed on the electricity retail companies controlled by Enerjisa Enerji A.Ş. and İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. by the Competition Authority: The Competition Board decided to conduct an examination for electricity distribution and electricity retail sales companies in İstanbul Anatolian Side, Ankara and Toroslar electricity distribution regions, whether the Article 6 of the Law on the Protection of the Competition was breached, on December 28, 2016. Following the examination, the Competition Board decided to impose administrative fine with the decision dated August 8, 2018 and 18-27/461-224, in total the amount of TL 143,061,738.12 to İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. A 25% discount was applied to the relevant fines and the total fine was reflected as a one-time expense in the amount of TL 107,296,303.59 under 2018 annual financial results, while the underlying net income was not affected.

A cancellation lawsuit was filed against the decision of the Competition Board by the relevant companies on April 5, 2019. The judicial process of the first degree court was concluded with the decisions of 13th Ankara Administrative Court dated 16 July 2020 and numbered E.2019/1970 K.2020/1319, E.2019/1956 K.2020/1317 and E.2019/1969 K.2020/1318, the lawsuits filed by Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., have been rejected respectively. The decisions were delivered on October 6, 2020. The request of appeal has been made against the decisions of the Court of First Instance as of November 5, 2020. Following the judicial process the 8th Chamber of the Administrative Appeal Court of Ankara District rejected the requests with its decisions dated July 8, 2021 and numbered E.2020/1797 K. 2021/1155, E. 2020/1792 K. 2021/1157 and E. 2020/1796 K. 2021/1156 for Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., respectively. The request of appeal was made against those decisions at the Council of State on September 7, 2021. The decision regarding the rejection of appeal application, which was examined with the file numbered 2021/4181 before the 13th Department of the Council of State for Enerjisa Başkent Elektrik Perakende Satış A.Ş., was notified on 28.07.2022 with the decision numbered 2022/3003. The decision regarding the rejection of appeal application, which with the file numbered 2021/4182 for Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. was notified on 29.07.2022 with the decision numbered 2022/3004. The decision regarding the rejection of appeal application, which was examined with file numbered 2021/4180 for Enerjisa Toroslar Elektrik Perakende Satış A.Ş., was notified on 25.07.2022 with the decision numbered 2022/3002.

Besides, Ankara 15th Administrative Court accepted the case of İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. with its decision dated November 16, 2017 and numbered E.2017/412, K.2017/3045 where the company filed a cancellation lawsuit against the Turkish Competition Board's decision dated December 6, 2016 and numbered 16-42/686-314 on rejecting the request of the return of the documents due to breach of Legal Professional Privilege (LPP), which were taken during the dawn-raids on November 23, 2016 at Enerjisa premises as a part of the preliminary inquiry initiated by the board's decision dated November 16, 2016 numbered 16-39/656-M. However, the decision of the administrative court was appealed by the Turkish Competition Authority and annulled by the 8th Chamber of the Administrative Appeal Court of Ankara District with its decision dated October 10, 2018 and numbered E.2018/658, K.2018/1236. The request of appeal has been made against this decision at the Council of State on January 22, 2019. The decision regarding the rejection of appeal application, which was being examined with the file numbered 2019/865 before the 13th Department of the Council of State for Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. was notified on 26.07.2022 with the decision numbered 2022/3005.

On the other hand, with the decision of the 13th Ankara Administrative Court dated 16.07.2020 and numbered E.2019/660 K.2020/1315, the lawsuit filed by İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. was accepted. The decision was received on October 6, 2020. Following the aforementioned decision in favor, in accordance with the article 28 of the Administrative Jurisdiction Procedures Law, an application was made to the relevant tax office on October 8, 2020 for the refund of TL 7,973,040.71 paid at 25% discount on March 7, 2019. The amount was refunded on November 6, 2020. The Competition Authority has appealed against the decision within 30 days from the notification of the decision. The appeal application of the Competition Authority was rejected, with the decision of the 8th Chamber of the Administrative Appeal Court of Ankara District, dated 17.06.2021 and numbered E.2020/1865 K.2021/1052, open to appeal. Upon the Competition Authority's appeal against the decision of the regional administrative court, a petition for a reply to the appeal was submitted separately. At present, the appeal examination is continuing before the Council of State. According to the report prepared within the scope of the additional work carried out for İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. and the information and documents received from the Company, it has been decided that İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law on the Protection of Competition No. 4054 ("abuse of dominant position) and that there is no need to impose an administrative fine on our Company, with the decision of the Competition Board notified on 26 November 2021. Thereupon, an additional petition for declaration has been submitted on 30 November 2021 to the file numbered 2021/3812 of Council of State with regard to the decision of Competition Board notified on 26 November 2021 that İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law on the Protection of Competition No. 4054 (abuse of dominant position) and that there is no need to impose an administrative fine on our Company.

Developments in the Investigation Started by the Personal Data Protection Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. in 2021: Upon the complaints dated 17 December 2019, 4 June 2020 and 28 January 2021 submitted to the Personal Data Protection Authority, against our electricity Distribution company, İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., regarding the unlawful processing of personal data, by a natural person electricity subscriber consumer's attorney, an investigation was initiated by the Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. by the official letter dated March 11, 2021 and numbered 19462324-105.01.01- E0000048769 and its defense was requested.

As a result of the defense given by İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. on March 23, 2021, it has been decided by the Authority with the decision dated 16 December 2021 and numbered 2021/1265 that in the event subject to the complaint, İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. does not have the qualification of data controller.

The applicant requested the cancellation of the Board Decision dated 16.12.2021 and numbered 2021/1265 on the grounds that his claims were not examined by the Board, and a lawsuit was brought with the file numbered 2022/559 of the Ankara 5th Administrative Court. A petition on behalf of İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., party being notified of proceeding, has been submitted to the court and the lawsuit is pending.

Developments in the Investigation Started by the Personal Data Protection Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. in 2022: A natural person has filed a complaint against our electricity Distribution company, İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., to the Personal Data Protection Authority on the grounds that his personal data was incorrectly recorded as the information of another electricity subscriber, therefore, he was contacted due to the illegal debts of the said subscriber, and his request regarding his personal data to be corrected was not fulfilled by the companies. Upon the complaint, an investigation was initiated by the Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. by the official letter dated February 23, 2022 and numbered E-19462324-105.01.01-0000089992, and its defense was requested. Followingly, the Authority has also initiated an investigation at its discretion against Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. by the official letter dated June 10, 2022 numbered E-19462324-105.01.01-0000101498 and its arequested for the defense of the company.

The defences of İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. and Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. were separately submitted to the Authority, and the investigation process is pending.

b) Information on the investments made by the Company during the related fiscal period:

The Company has made capital expenditures related to service concession arrangements of TL 933,826,000 and purchase of tangible and intangible assets TL 156,881,000 within the period of 01.01.2022-30.06.2022.

c) Information on the Company's direct or indirect participations/subsidiaries and the share ratios:

The direct participation shares held by the Company are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		30 June 2022	31 December 2021	
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	94	Electric vehicles and charging stations equipment services

d) Information on the own shares of the company acquired:

The company does not own any shares in the related period.

e) Information on private audit and public audit conducted in the fiscal period:

The interim condensed consolidated financial reports of the Company for the period of 01.01.2022 –30.06.2022 prepared in accordance with TFRS was reviewed by independent auditors.

f) Information on legal actions filed against the Company which might adversely affect the financial situation and operations of the Company and their possible consequences:

There are no cases filed against the Company within the period of 01.01.2022 – 30.06.2022, which may adversely affect the financial situation and operations of the Company.

g) Information on the administrative or judicial sanctions imposed on the Company and the members of its management body for practices in breach of the provisions of applicable legislation:

Within the period of 01.06.2022-30.06.2022, there is no judicial or administrative sanction imposed on the Company and the members of the Board of Directors for practices contrary to applicable laws and regulations.

h) Information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest: There are no conflict of interests.

i) Information and evaluation on whether the goals set in the previous periods were achieved, and whether the decisions of the general assembly were implemented, and if not, the related reasons for failure to achieve such goals or to implement such decisions:

The Company has achieved its budgetary targets for the period of 01.01.2021 – 31.012.2022. Details are explained in the “Financial Highlights” section of 2021 Annual report. The company's 2022 expectations and 1H2022 performance are disclosed in the "Financial Highlights" and "Guidance" sections of this activity report for the period 01.01.2022 - 30.06.2022.

j) If any extraordinary general assembly meeting has been held during the year, information on such extraordinary general assembly meeting including the date of the meeting, the decisions taken in such meeting and the related activities: None.

k) Information on the Company’s donations and aids and its expenditures made on social responsibility projects during the year:

The Company has made donations and aids at the amount of TL 26,348,366 within the period of 01.01.2022 – 30.06.2022.

l) If a company operating under a group of companies; legal actions taken with the parent company, or any subsidiary of the parent company in favour of the parent company or any subsidiary thereof upon the instructions of the parent company and all the other measures taken or avoided in favour of the parent company or any subsidiary thereof in the previous fiscal year:

There are no legal actions that we have taken with Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L. or any subsidiary thereof or in favour of them or any of their subsidiaries upon their instructions; and there are no actions taken or avoided in favour of Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L. or any of their subsidiaries.

m) The company's sources of finance and the nature and value of the capital markets instruments issued, if any:

Enerjisa Enerji A.Ş. sources of new financing are mainly loans in Turkish Lira.

The Group has a total of TL 1,697,000,000 bonds (issued amount) in circulation as of 30 June 2022.

Issuer	Issue Amount (million TL)	Interest / Return Rate (%)	Issue Date	Redemption Date
Enerjisa Enerji A.Ş.	335	CPI Indexed, 5.00% real coupon	1-Aug-17	26-Jul-22
Enerjisa Enerji A.Ş.	400	TLREF + 1.40%	23-Feb-21	21-Feb-23
Enerjisa Enerji A.Ş.	162	CPI Indexed, 5.00% real coupon	05-Apr-18	30-Mar-23
Enerjisa Enerji A.Ş.	800	TLREF + 1.40%	15-Oct-21	13-Oct-23
Total	1,697			

n) Events that occurred after the Balance Sheet Date:

The application results of the "Fast Charging Stations Support Program" for Electric Vehicles initiated by the Ministry of Industry and Technology of the Republic of Türkiye have been announced. As per the tender conditions, the applicants requesting the least public support (machinery and equipment support) will be provided support within the framework of the program. Aforementioned investments will enable installation of 1,572 fast charging stations in 81 cities within 46 investment regions in Turkey. Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj), in which our fully owned subsidiary Enerjisa Müşteri Çözümleri A.Ş. (Enerjisa Customer Solutions) has a 94% stake, has participated in the tender. According to the notification made to Eşarj, the Company has been entitled to establish 495 fast charging stations (minimum 90 Kw and with minimum 2 charging sockets) in 53 cities within 11 investment regions. Approximately TL 300 million (machinery, equipment, infrastructure etc) investment is planned by Eşarj within the scope of the tender. The contract with the Ministry of Industry and Technology of the Republic of Türkiye is expected to be signed within August 2022.

The events related to electricity tariffs and regulations that occurred after the Balance Sheet Date can be accessed on under Corporate Governance/Regulatory developments section.

o) Other issues not included in the financial statements, but useful to know for interested parties: None.

p) If a company operating under a group of companies; information about whether a counter action was provided appropriate for each legal action and whether the measure taken or avoided caused the company to suffer a loss; and if the company suffered a loss, whether it was compensated or not according to the situation and conditions known by them at the time when the legal action or the measure mentioned in the subparagraph (l) was performed or taken or avoided:

To the best of the Company's knowledge of current conditions, the legal actions taken by the Company with the controlling companies or any of their subsidiaries or in favor of the controlling companies or any of their subsidiaries upon the instructions of the controlling companies and all the other measures taken or avoided in favor of the controlling companies or any of their subsidiaries in the fiscal period of 01.01.2022 - 30.06.2022 were evaluated in the form of a report under the scope of all transactions performed between the Company and the

controlling company and its affiliated companies during the Fiscal Period of 01.01.2022 - 30.06.2022, which were conducted in full conformity with the honest and fair accounting principles according to the conditions well known to us. The Company did not suffer any loss resulting from any transaction executed under known conditions in connection with the Fiscal Period of 01.01.2022 - 30.06.2022.

5- FINANCIAL SITUATION

a) Management body's analysis and assessment of the financial position and operational results, the extent of realization of planned activities, and the company's position against defined strategic goals:

The Company's financial results for the period of 01.01.2022 – 30.06.2022 are provided in the enclosed Balance Sheet and Income Statement.

b) Company's sales, productivity, income generation capacity, profitability and debt to equity ratio within the year in comparison with the previous years, and information on any other issues that might suggest the company's operational results and future expectations:

The Company's gross profit as of June 30, 2022 is TL 6,457,625,000 (30 June 2021: TL 3,454,411,000). The Company's net debt / (net debt + equity) ratio as of June 30, 2022 has been recorded as 64% (31 December 2021: 50%).

There is no revenue risk predicted for the Company.

c) Determination about whether the Company's capital has remained without reserve or whether it has run into debt and the management body's evaluations related thereof:

In Accordance with Article 376 of the Turkish Commercial Code, the Company is not in a deep-in-debt (technical bankruptcy) situation due to the company has fulfilled the criterion stated in the law resulting from half of the sum of capital and legal reserves of the company have not remained uncovered due to loss.

d) Measures planned to improve the financial structure of the Company, if any:

Since the Company's financial and capital structures are strong, there are no measures planned to be taken to improve the financial structure of the Company.

e) Information on the dividend distribution policy and, if there will be no dividend distribution, a proposal on how allocate retaining earnings with its justification:

Information on the dividend distribution policy can be found in the link below.

<https://www.enerjisainvestorrelations.com/en/corporategovernance/policies/dividend-policy>

Dividends derived from the Group's distributable earnings at 2021 have been distributed within April, 2022.

6- AMENDMENTS TO ARTICLES OF ASSOCIATION MADE IN THE PERIOD AND THE RELATED REASONS

No changes were made to the Articles of Association during the period.

7- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY

7.1 Governing Body

a) Board of Directors Meetings

As of June 30, 2022, the Company's Board of Directors convened 3 times in total to evaluate strategic matters concerning the Company. The attendance rate of Board meeting was 87.5%.

b) Committees

i. Enerjisa Corporate Governance Committee

Following the IPO in February 2018, the Corporate Governance Committee has been enacted at the General Assembly Meeting held on March 29, 2018. According to the Committee Charter effective as of April 1, 2022, members of the Committee are selected from Board members and Investor Relations, Mergers & Acquisitions and Tax Director. The Committee is chaired by an independent Board Member.

The purpose of Corporate Governance Committee is to make suggestions to the Board of Directors of the Company in order:

- To ensure the compliance of the corporate governance principles of the Company with the Corporate Governance Principles as determined by the Board and other internationally accepted corporate governance principles and best practices,
- To make advices in order for implementation of such principles,
- To follow-up compliance of the Company with such principles.

This Committee also performs the governance related duties of the Nomination Committee and the Remuneration Committee within the Company.

Corporate Governance Committee Charter can be viewed from the below link.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter>

The Corporate Governance Committee convenes at least four times per year. The Corporate Governance Committee had 2 meetings as of end of June 2022. Meeting dates and in-depth review topics have been the following:

Meeting Date	Members Participation	In-Depth Review Topic
4 February 2022	Hakan Timur Mehmet Sami Dr. Michael Moser Sabriye Gözde Cullas Thorsten Lott	IR, Sustainability, Corporate Communication and People & Culture Presentations Review of Sustainability Related Developments
16 May 2022	Kamuran Uçar Hakan Timur Sabriye Gözde Çullas	IR, Sustainability, Corporate Communication and People & Culture Presentations

Corporate Governance Committee members are as follows:

Name Surname	Duty	Duty in the Board
Kamuran Uçar	Corporate Governance Committee Chairperson	Independent Board Member
Guntram Würzburg	Corporate Governance Committee Member	Board member
Hakan Timur	Corporate Governance Committee Member	Board member
Sabriye Gözde Çullas	Corporate Governance Committee Member	Not board member

To be valid as of April 1, 2022, it has been resolved to determine the members of the Corporate Governance Committee established under the Company's Board of Directors within the scope of the amendment made in the Working Principles of the Corporate Governance Committee and the changes in Board of Directors.

ii. Audit Committee:

Internal audit activities related with the efficiency of the internal control system of the Company are planned and conducted by the Internal Audit Department. The audit results are shared with Enerjisa Enerji A.Ş. Audit Committee composed of independent BoD members only and the Company management and the planned actions are monitored.

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, 2 Audit Committee meeting were held by the end of June 2022. Through these meetings, the Audit Committee was informed on topics including, but not limited to, improvement areas identified in audit/consultancy activities and relevant action plans, results of follow-up activities, information about performed ethics investigation activities and significant considerations about other activities.

Audit Committee Charter can be viewed from the below link.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/audit-committee-charter>

The dates of the Audit Committee are as follows as of end of June 2022:

Meeting Date	Members Participation	In-Depth Review Topic
18.02.2022	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables Presenting the results of audit report
27.04.2022	Fatma Dilek Yardım Kamuran Uçar	Briefing on audit and examination activities Presenting financial tables

Audit Committee members are as follows:

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardım	Chairperson	Independent Board Member
Kamuran Uçar	Member	Independent Board Member

To be valid as of April 1, 2022, it has been resolved to appoint Kamuran UÇAR (Independent Member of the Board of Directors) in lieu of Mehmet SAMİ (Independent Member of the Board of Directors) in the Audit Committee established within the Board of Directors of the Company.

Information on the independence of the provider, if external consultancy services are used: Not Applicable

Information on the internal control system and internal audit activities of the Company and the related opinion of the management body:

Enerjisa Enerji Internal Audit Department directly reports to the Audit Committee, which is a sub-committee of the Enerjisa Board of Directors per the necessity of independence and objectivity principles. The purpose of internal audit is to provide an opinion to the Board of Directors about the compliance of the Company and its subsidiaries' activities with laws, other applicable legislation, internal strategies, policies and procedures and the effectiveness and adequacy of internal controls. With these efforts and structuring, it is aimed to take preventive measures, protect the Company assets, improve business processes and provide added value for the entity by way of giving opinions and suggestions to increase operational efficiency. In accordance with this objective, internal audit activities are conducted in the frame defined through approved audit committee and internal audit charters.

The risk assessment results of the Company are updated every year and the risk-based annual internal audit plan is submitted to the approval of the Audit Committee and the Board of Directors after obtaining the comments of the management. Each year, the audits within the scope of the approved audit plan are performed in accordance with international audit standards and COSO (Committee of Sponsoring Organizations of the Treadway Commission) requirements. This confirmation is certified through the independent quality assurance assessment performed in 2018.

Internal Audit is responsible from the evaluation and examination processes of ethics notifications related to the employees and other stakeholders (shareholders, customers, suppliers, public institutions). In addition to its auditing function, internal audit also provides consultancy services in line with its vision and mission, as required by its principle of being a "reliable business partner" and upon the requests of the executive management.

iii. Enerjisa Enerji Early Risk Detection Committee

The Board delegates the monitoring of risks to the Early Risk Detection Committee. Members to the Committee are selected Board Members (including two independent members) and the Committee is chaired by an independent Board member. Aside from receiving regular Risks and Opportunities Report, each meeting agenda includes an in-depth review of a prioritized topic. The Early Risk Detection Committee reports directly to the Enerjisa Enerji Board.

Early Risk Detection Committee is responsible to advise Board regarding risk and opportunity definitions which threaten Company's existence and strategies, relevant mitigation actions, early detections and precautions. Following Board review, agreed actions are monitored by the Enerjisa Enerji CFO and Early Risk Detection Committee.

Early Risk Detection Committee Charter can be viewed from the below link.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter>

The ERDC meetings and report circulations to the committee are organized at least six times per year. In this scope, two report circulations and one physical meeting were held by the end of June 2022. Meeting and report circulation dates, members participation and in-depth review topics have been the following:

Meeting Date	Members Participation / Report Recipients	In-Depth Review Topic
26.02.2022 (Report Circulation)	Dilek Yardım Mehmet Sami Johan Magnus Moernstam Hakan Timur	BE0 2022 Risk & Opportunities Report Backtesting 2021: Risk Management Performance Assessment
21.04.2022	Dilek Yardım Kamuran Uçar Thorsten Lott	BE1 2022 Risks and Opportunities Report Review and Approval of Updates in Group Risk Policy
21.06.2022 (Report Circulation)	Dilek Yardım Kamuran Uçar Thorsten Lott Orhun Köstem	Business Impact Analysis Library Review Report Introduction of Risk Management Department Business Fields

Early Risk Detection Committee members are as follows:

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardım	Early Risk Detection Committee Chairperson	Independent Board Member
Kamuran Uçar	Early Risk Detection Committee Member	Independent Board Member
Nusret Orhun Köstem	Early Risk Detection Committee Member	Board Member
Thorsten Lott	Early Risk Detection Committee Member	Board Member

To be valid as of April 1, 2022, it has been resolved to appoint Thorsten LOTT (Member) in lieu of Johan Magnus MOERNSTAM (Member) in the Early Detection of Risk Committee established within the Board of Directors of the Company, and to appoint Kamuran UÇAR (Independent Member of the Board of Directors) in lieu of Mehmet SAMİ (Independent Member of the Board of Directors).

To be valid as of 11.05.2022, it has been resolved to appoint Nusret Orhun KÖSTEM (Member) in lieu of Hakan TİMUR (Member) in the Early Detection of Risk Committee established within the Board of Directors of the Company.

7.2. Risk Assessment

a) Risk Management Approach

Enerjisa Enerji aims to ensure sustainable and predictable profitability by effectively managing the risks in the energy markets and to protect the value created as a result of sales and distribution activities with its risk management policies.

Setting risk management as an integral part of strong management, Enerjisa Enerji's Risk Management Framework aims to identify risks and opportunities which may impact the Company's financial, operational and strategic plans. The framework enables assessment, classification, and mitigation of these risks through various methodologies. The ultimate aim of this framework is to provide transparency to management functions and to support decision making processes through regular reporting.

Enerjisa Enerji acts in accordance with the principle of assigning responsibility to the business units in risk identification and risk management as recommended by quality standards in this field such as COSO and ISO 31000. In this context, risk coordinators were appointed in the business units to act as a bridge between the departments and the central risk management function.

Risk management workshops are held annually with the risk coordinators and process owners of the business units in order to raise awareness for risk management. In these workshops, the important topics of the previous year, the annual risk management calendar and risk analysis, consolidation and reporting methodology are discussed.

b) Risk Governance Structure

Enerjisa Enerji utilizes both mandatory committees in accordance with legislation and non-mandatory committees in order to ensure an effective and functional risk management. Established under the CFO organization, the Central Group Risk Management function is responsible for scoring risks, monitoring and improving risk management processes, and periodically reporting risks along with their impacts and improvement actions. The findings and risk management objectives, compiled by the central risk management function, are first presented to the Risk Management Committee, formed of the senior executives of all business units and chaired by the CFO.

At the next stage, these findings are presented to the Early Detection of Risk Committee, which is formed of the members of the Board of Directors. The Early Detection of Risk Committee is responsible for advising the Board of Directors of risks and opportunities, which may affect the existence and strategies of the Company, related mitigation actions, early detection processes and measures, as well as monitoring the effectiveness of the risk management processes. The Early Detection of Risk Committee is chaired by an independent board member. Following the Board review, agreed actions are monitored by the CFO and the Early Detection of Risk Committee.

c) Risk Management Procedure

The risks and opportunities which Enerjisa Enerji is exposed to are identified with a detailed assessment study. This study is elaborated with two different approaches, i.e. qualitative and quantitative risk reporting methodology.

- 1. Quantitative risk and opportunity methodology:** For each risk and opportunity, the best-case, basecase and worst-case scenarios are collected from the business units. The probabilities of realization of these risks and opportunities are determined, simulated by using numerical analysis methodologies and grouped according to their expected values. During the consolidation of the impacts of risks and opportunities, correlations are taken into account and any fluctuation which may affect the Company's net profit are reported.
- 2. Qualitative risk reporting methodology:** Risks whose direct financial impacts cannot be quantified but which have the potential to have a negative impact on the Company's strategic and operational activities are prioritized through the scales, which are defined according to their impact levels and probabilities, and reported with risk heat-maps. These studies form the basis of the Risks and Opportunities Report submitted to the senior management and the Early Detection of Risk Committee.

d) Basic Categories of Risk and Opportunity

Enerjisa Enerji establishes risk management systems and prepares action plans in order to minimize the occurrence of financial and non-financial risks and their effects in order to maximize the value it creates for its stakeholders.

Financial and non-financial risks are mapped by identifying their effects on the sector and operations. The risk mapping process consists of three stages - identification, assessment and classification - covering the regular reporting and decision-making processes and enabling transparency.

Financial Risks and Opportunities

The nature of electricity distribution and retail sales activities exposes the sector players to various risks and opportunities in the value chain. At Enerjisa Enerji, risks and opportunities are categorized and monitored according to their sources. These risks are followed up and prioritized depending on their possible impact levels and recorded with risk mitigating practices. Following the sensitivity analysis, quantifiable risks and their financial implications are reported.

i. Regulatory Risks and Opportunities

Electricity distribution and retail sales activities are regulated businesses which are carried out under the supervision of EMRA and are governed according to the principles determined by the Electricity Market Law and secondary legislation. Enerjisa Enerji applies the National Tariff determined by EMRA to its regulated customers. The National Tariff consists of the tariffs to be applied to the transmission and distribution system users. EMRA determines the items of the National Tariff for each tariff period.

Revenue requirement and/or price ceilings for regulated activities is determined by EMRA and reflected to the end consumer through the National Tariff mechanism by taking into account all costs and services for the execution of the relevant activity in the fourth regulatory period, which will apply between 1 January 2021 - 31 December 2025, as in the previous regulatory periods.

Since the majority of the Company's revenues are derived from electricity distribution activities and retail sales to regulated customers at a tariff set by EMRA, changes in any component of this tariff may lead to a significant deviation in Enerjisa Enerji's plans.

In addition, regulations issued by EMRA include organizational and operational requirements and limitations regarding retail sales and distribution activities. These requirements and limitations are audited by regulatory authorities (primarily EMRA) and findings of any non-compliance may adversely affect Enerjisa Enerji's financial and operational plans.

Enerjisa Enerji conducts regular and constructive reviews with industry participants and regulatory bodies in order to manage regulatory risks and opportunities. The Company also engages in rational and fact-based negotiations with other market participants and regulatory bodies as the market leader through systematic projects and transparent reporting. As a result of the meetings conducted and in-house activities, work and initiatives are carried out which will positively contribute to all sector stakeholders, including consumers, and legislative measures in order to support the sustainability of the sector.

ii. Market Risks and Opportunities

Enerjisa Enerji is exposed to interest rate fluctuations in financial markets as a result of its financial debt, and to exchange rate fluctuations due to the Renewable Energy Resources Support Mechanism (FIT).

Enerjisa Enerji is also affected by volatility in over-the-counter market pricing and trading volumes in the commodity markets due to retail sales activities, as well as volatility in prices of other products due to material procurement in distribution activities (procurement is conducted in TL terms, but prices are correlated with prices in commodity markets).

Enerjisa Enerji uses systematic approaches in order to estimate market parameters such as price, inflation, interest rates, exchange rates and demand in the most realistic way. Existing and expected exposures are checked on a regular basis and maintained at an optimum level with hedging transactions. Derivative transactions and the effectiveness of these transactions are periodically discussed within the Finance Committee and the Commodity Risk Committee.

iii. Credit Risks and Opportunities

Enerjisa retail companies are exposed to credit risk due to sales in the regulated and liberalized markets.

Enerjisa distribution companies, on the other hand, are exposed to credit risk due to the system usage receivables to be collected from retail companies that provide retail sales services using the distribution network. In addition, invoicing for theft/illegal electricity use also poses credit risk in collection processes.

Enerjisa Enerji manages its credit risk by obtaining security deposits from regulated customers, letters of guarantee or other types of guarantees from liberalized customers. Timely invoicing, efficient receivables management and monitoring the credit ratings of large customers enables Enerjisa Enerji reduce its credit risk as much as possible.

In addition to carrying out reporting and follow-up activities aimed at reducing the credit risk arising from financial transactions, the Company works only with the counterparties having credit rating of maximum of two notches below the sovereign rating. In addition, steps are also taken to ensure the diversification of banks in the portfolio of financial derivative instruments and deposits.

iv. Liquidity Risk

Enerjisa Enerji is exposed to liquidity risk due to network investments in the distribution business or temporary funding needs driven by collection performance in the retail business. Although the Company believes this funding need can be covered by external debt capital providers, there is a risk that market conditions could limit conventional liquidity sources.

Enerjisa Enerji manages liquidity risk by extending the average tenor of its debt portfolio and developing alternative debt capital sources such as corporate bonds, etc. In addition, the Company regularly forecasts its short and medium-term cash needs in order to anticipate the liquidity need in a timely manner and to take action accordingly.

v. Operational Risks

All processes in Enerjisa Enerji's value chain are exposed to operational risks arising from internal and external factors. The areas affected by these risks are grouped under the headings of Information Technologies and Occupational Health and Safety (which mostly pertains to the distribution business), Environment, Human Resources and Reputation and are examined in detail with mitigation plans.

Relevant procedures and policies are established for all operational risks and published in Enerjisa Enerji's quality management systems. Committees are appointed to review realizations and manage risk mitigation activities.

Non-Financial Risks and Opportunities

i. Occupational Health and Safety Risks and Opportunities

Enerjisa Enerji works to a goal of zero critical injuries and accidents. Related risks are managed within the scope of the ISO 45001:2018 standard. The OHS issue is under the oversight of the senior management. Risks faced by the Company and contractors are proactively managed. Within the framework of the Safety Improvement Plan, targets are defined, risks are managed and preventive measures are planned. The Fine-Kinney method is used to classify risks. Enerjisa Enerji organizes training programs in order to reduce its risks and provide a healthy workplace for its employees and contractors.

ii. Risks and Opportunities Related to Climate Crisis and the Environment

Enerjisa Enerji prepared its Biodiversity Conservation Action Plan in 2020. Within the scope of the CDP Climate Change, the issue of climate change is evaluated from the perspective of risks and opportunities. In the CDP related study carried out in 2021, a report was prepared under the heading of carbon emissions and climate change, which includes the definitions of risks and opportunities, the financial effects of risks and opportunities, methods of combating risk and the costs of these methods.

In addition, the study to quantify climate change risks was jointly completed by the OHS-E and Group Risk Management units. The study uses climate change related acute inventory losses and damages, disruptions to service and penalties for quality standard violations stipulated by the legislation as inputs. The Company regularly monitors and reports its environmental performance and carbon emissions. The Company takes part in various initiatives on climate change and energy efficiency, meets with the NGOs and regulatory authorities and develops R&D projects. Enerjisa Enerji offers solutions to customers to help them reduce their carbon emissions.

iii. Risks and Opportunities Related to Digitalization and Customer Privacy

Enerjisa Enerji takes all necessary precautions in order to ensure confidentiality and security of customer information and personal data at the highest level within the framework of the legislation in force. Within that scope, the measures and actions determined in accordance with corporate policies are implemented within the Company.

A holder of the ISO 27001 Information Security Management System certificate, Enerjisa Enerji fully complies with the Personal Data Protection Law (PDPL) and provides trainings to its employees on PDPL and information security, under the supervision of the Personal Data Protection Committee. The Company provides training on the PDPL and information security to its employees. There is a Cyber Incident Response Team under the Cyber Security Group Management to manage cyber-attack risks. In addition, the Company also has cyber risk insurance.

8- DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES CONDUCTED OUT OF THE COMPANY AND DECLARATIONS ON INDEPENDENCE OF BOARD MEMBERS

Duties of the members of the Board of Directors and Executives conducted out of the Company is reported at the Public Disclosure Platform under the “Company Management” section.

<https://www.kap.org.tr/en/sirket-bilgileri/genel/4028e4a1422d98690142bceaa31957cf>

The declarations on independence of Independent Board members can be accessed from the 2020 Annual General Assembly information document and PDP Announcements.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/general-assembly>
<https://www.kap.org.tr/en/Bildirim/1015064>

9- APPENDICES

Consolidated Financial Statements
Operational Earnings and Underlying Net Income Calculations

Best regards,

Report date: 09.08.2022

Murat Pınar
CEO

Dr. Michael Sven Moser
CFO

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

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

	Reviewed / current period 30 June 2022	Audited / prior period 31 December 2021
ASSETS		
Current Assets	24,902,853	12,795,629
Cash and Cash Equivalents	1,808,097	411,992
Financial Assets	3,986,185	3,316,298
Trade Receivables	14,121,437	5,572,805
<i>Due from Related Parties</i>	17,533	34,942
<i>Due from Third Parties</i>	14,103,904	5,537,863
Other Receivables	1,643,728	1,193,566
<i>Due from Third Parties</i>	1,643,728	1,193,566
Derivative Financial Instruments	1,357,858	1,548,306
Inventory	1,235,943	447,450
Prepaid Expenses	177,763	65,010
Assets Related with Current Taxes	71,517	187,648
Other Current Assets	500,325	52,554
Non-Current Assets	18,109,293	18,538,012
Trade Receivables	120,060	-
<i>Due from related parties</i>	21,544	-
<i>Due from third parties</i>	98,516	-
Other Receivables	1,832,717	685,077
<i>Due from Third Parties</i>	1,832,717	685,077
Derivative Financial Instruments	36,857	62,210
Financial Assets	7,719,361	9,537,341
Right of Use Assets	311,797	256,196
Property, Plant and Equipment	1,532,641	1,444,088
Intangible Assets	6,101,933	6,225,435
<i>Goodwill</i>	1,977,127	1,977,127
<i>Other Intangible Assets</i>	4,124,806	4,248,308
Prepaid Expenses	3,384	3,828
Deferred Tax Assets	443,619	318,901
Other Non-Current Assets	6,924	4,936
TOTAL ASSETS	43,012,146	31,333,641

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

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

	Reviewed / current period 30 June 2022	Audited / prior period 31 December 2021
LIABILITIES		
Current Liabilities	26,998,499	14,256,376
Short-Term Financial Liabilities	9,455,600	1,040,267
Short-Term Portion of Long Term Financial Liabilities	5,004,305	5,294,870
Other Financial Liabilities	87,702	118,387
Trade Payables	6,328,663	3,981,140
<i>Due to Related Parties</i>	1,614,772	87,373
<i>Due to Third Parties</i>	4,713,891	3,893,767
Payables for Employee Benefits	143,722	81,812
Other Payables	4,875,946	2,888,202
<i>Due to Related Parties</i>	-	-
<i>Due to Third Parties</i>	4,875,946	2,888,202
Derivative Financial Instruments	37,200	43,717
Deferred Income	14,229	450
Income Tax Liability	233,648	93,155
Short-Term Provisions	321,703	369,721
<i>Provisions for Employment Benefits</i>	19,008	76,968
<i>Other Short-Term Provisions</i>	302,695	292,753
Other Short-Term Liabilities	495,781	344,655
Non-Current Liabilities	6,994,198	7,726,243
Long-Term Financial Liabilities	4,443,436	4,381,083
Other Financial Liabilities	507,445	457,604
Derivative Financial Instruments	-	2,419
Deferred Income	41,054	1,062,094
Long-Term Provisions	541,122	315,419
<i>Provisions for Employment Benefits</i>	541,122	315,419
Deferred Tax Liabilities	1,459,038	1,504,908
Other Long-Term Liabilities	2,103	2,716
TOTAL LIABILITIES	33,992,697	21,982,619

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

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

	Reviewed / current period 30 June 2022	Audited / prior period 31 December 2021
LIABILITIES		
Equity	9,019,449	9,351,022
Registered Share Capital	1,181,069	1,181,069
Adjustments to Share Capital	1,775,976	1,954,164
Total Share Capital	2,957,045	3,135,233
Other Funds	4,340	4,340
Accumulated Other Comprehensive Expenses not to be Reclassified to Profit or Loss in Subsequent Periods	(3,464)	(3,464)
<i>Accumulated Loss on</i> <i>Remeasurement of Defined Benefit Plans</i>	(3,464)	(3,464)
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	944,328	986,687
<i>Hedge Reserves</i>	944,328	986,687
Restricted Profit Reserves	716,587	394,232
Retained Earnings	3,225,301	2,551,626
Profit for the Period	1,175,312	2,282,368
TOTAL LIABILITIES AND EQUITY	43,012,146	31,333,641

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

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

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

	Reviewed / current period 1 January - 30 June 2022	Reviewed / prior period 1 January - 30 June 2021	Not reviewed / current period 1 April - 30 June 2022	Not reviewed / prior period 1 April - 30 June 2021
Revenue	36,116,998	11,964,852	18,586,468	6,075,987
Cost of Sales (-)	(29,659,373)	(8,510,441)	(14,847,603)	(4,337,253)
GROSS PROFIT	6,457,625	3,454,411	3,738,865	1,738,734
General Administrative Expenses (-)	(2,954,372)	(1,398,542)	(1,634,194)	(713,990)
Other Income from Operating Activities	1,367,856	227,983	791,689	99,890
Other Expenses from Operating Activities (-)	(1,748,506)	(373,109)	(827,815)	(153,768)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)	3,122,603	1,910,743	2,068,545	970,866
Finance Income	505,016	83,375	389,472	22,685
Finance Expense (-)	(1,963,395)	(707,536)	(1,080,413)	(372,139)
PROFIT BEFORE TAX	1,664,224	1,286,582	1,377,604	621,412
Tax Expense	(488,912)	(316,932)	(395,318)	(183,746)
Current Tax Expense (-)	(646,848)	(683,999)	(294,453)	(396,791)
Deferred Tax Income / (Expense)	157,936	367,067	(100,865)	213,045
PROFIT FOR THE PERIOD	1,175,312	969,650	982,286	437,666
OTHER COMPREHENSIVE INCOME AND EXPENSE				
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	(42,359)	122,719	(29,112)	(45,352)
<i>Gains / (Losses) on Hedges</i>	<i>(55,011)</i>	<i>163,624</i>	<i>(37,893)</i>	<i>(46,464)</i>
<i>Income Tax Relating to Other Comprehensive Income</i>	<i>12,652</i>	<i>(40,905)</i>	<i>8,781</i>	<i>1,112</i>
TOTAL COMPREHENSIVE INCOME	1,132,953	1,092,369	953,174	392,314
Earnings per share				
Earnings per share (kr)	1.00	0.82	0.83	0.37

OPERATIONAL EARNINGS AND UNDERLYING NET INCOME CALCULATION

	1 January 30 June 2022	1 January 30 June 2021
(TLm)		
Operating profit before finance income/(expense)	3,123	1,911
Adjustment of depreciation and amortization	263	219
Adjustments related to operational fx gains and losses	162	40
Adjustments related to valuation difference arising from deposits	1,074	142
Interest income related to revenue cap regulation	34	-25
EBITDA	4,656	2,287
CAPEX Reimbursements	2,059	1,051
EBITDA+CAPEX Reimbursements	6,715	3,338
Non-recurring (income) / expense	-51	-12
Operational earnings	6,664	3,326
 Net Income	 1,175	 970
Non-recurring (income) / expense	-41	-10
Tax rate change	142	53
Underlying Net Income	1,276	1,013

Operational Earnings refers to EBITDA plus CAPEX reimbursements excluding exceptional items. Enerjisa Enerji distribution companies are subject to the application of IFRIC12 (an IFRS standard that governs accounting for service concession arrangements). Accordingly, the Company accounts its license to operate and invest in the networks as a financial asset. This asset is not depreciated. Accordingly, P&L does not include depreciation expenses of networks. Similarly, P&L also excludes the reimbursement of CAPEX (i.e. the depreciation allowance) as a revenue item. This means that the Company's EBITDA figure is not comparable to international peers that do not apply IFRIC12 accounting and the management uses Operational Earnings as a KPI for comparability.

Underlying Net Income refers to Net Income excluding exceptional items. Exceptional items mostly refer to the non-recurring items. The resulting KPI sets the basis on which the Company's dividend pay-out policy is applied.