

ANNUAL REPORT 2022

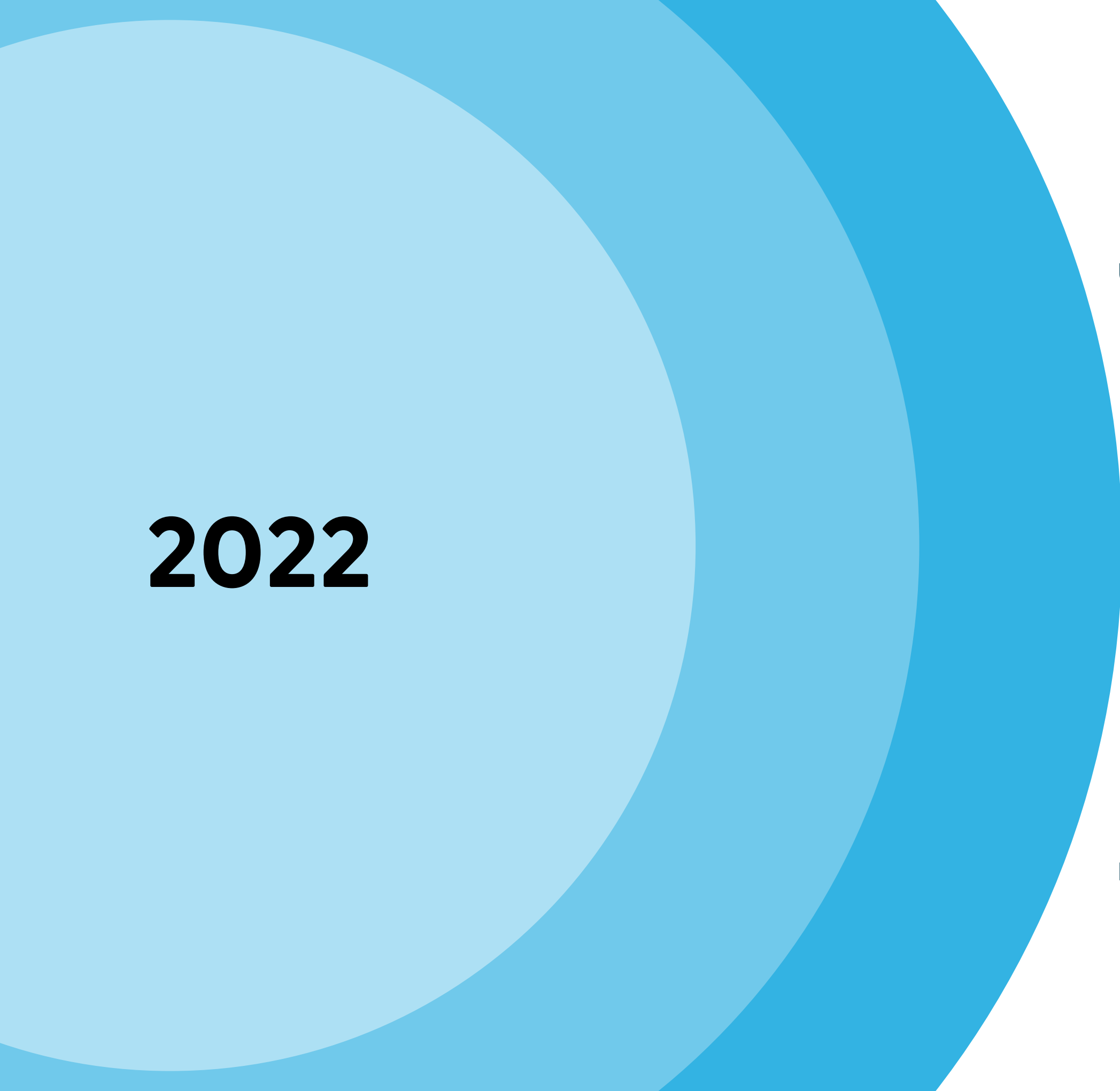


ENERJISA



We are deeply saddened by the earthquakes that occurred on February 6, 2023 and affected 11 cities resulting in loss of our colleagues' and many citizens' lives. We share our deepest condolences to the relatives of the victims and wish a speedy recovery to the injured people.

We are working hard to restore the energy infrastructure of the earthquake area to heal the wounds of all the people affected by the disaster. We will continue our support to get through these difficult times.



2022

2022 at a Glance

Underlying net income: TL 4.5 billion, +85% vs 2021

Free cash flow: TL +1.6 billion

Investments in distribution segment: TL 4.5 billion

Successfully growing our new customer solutions segment including winning national e-charging tender

Dividend proposal of TL 2.30 per share to AGM, +85% vs 2021 indicating an annual growth of 85%

Inclusion in Borsa Istanbul Sustainability 25 Index

A better future for everyone...

At Enerjisa, we believe that we can always do better for our business, our country, and our world. With this perspective, we aim to continuously improve our economic, environmental and social performance, reinforcing our pioneering and exemplary role in the industry.

We know very well the value of the trust placed in us. We deliver energy to people whose lives we touch all across Türkiye, and work with all our strength for a better future. We offer appropriate solutions and services that are affordable and accessible to meet the energy demands of our consumers.

In every aspect of life, we always aim for the best with our sustainability and transformation approach and highly effective risk management capabilities. As Türkiye's energy provider, we are committed to creating value for all our stakeholders with our innovative and solution-oriented operations in distribution and sales.





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A newer future

We are constantly working for a better future through building the New Energy World that provides people with a cleaner, smarter, more sustainable, and digital way of living. The path towards this transformation puts people at the center of energy system.



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About Enerjisa

Enerjisa Enerji operates as Türkiye's leading company in electricity distribution, retail sales and customer solutions.

10.6 million
CUSTOMERS

Enerjisa Enerji operates as Türkiye's leading company in electricity distribution, retail sales and customer solutions. Reaching a population of 22.1 million with more than 11 thousand employees, the Company serves 10.6 million customers within 14 provinces across 3 distribution regions.

Incorporated in 1996, Enerjisa Enerji is the leading player of Türkiye's developing electricity market with its grid investments; innovative and differentiated applications; efficiency- and technology-focused business models catering to its customers and the sector; as well as its competitive strategies.

Enerjisa Enerji devises its long-term strategies with a sustainable approach. The Company aims to grow profitably and create value for its shareholders by expanding its high-quality grid in its distribution regions, and continuing to extend its retail operations across the entire country.

Enerjisa Enerji upholds sustainable and innovative solutions for its customers. Within this framework, the Company presents its customers with numerous environmentally friendly and sustainable energy solutions, such as solar power plant installation services, energy efficiency applications, cogeneration/trigeneration applications, electric vehicle-charging station management, and green energy certification, under the umbrella of "Energy of My Business".

In Türkiye's largest private sector initial public offering (IPO) as of February 8, 2018, 20% of Enerjisa Enerji (remaining shares are equally-owned by Sabancı Holding and E.ON) shares were offered to the public via listing on Borsa İstanbul. Attesting to keen investor interest during the book-building process, the shares were 4.8x oversubscribed. Enerjisa Enerji was included in FTSE All-World Index as of June 2018.

Following the successful public offering in 2018, Enerjisa Enerji focused on sustainability to develop a strategic and holistic approach regarding economic, environmental, and social factors, with a view to creating long-term value. Within this framework, Enerjisa Enerji became a signatory to the United Nations Global Compact (UN Global Compact), the world's largest voluntary corporate sustainability initiative, and the United Nations Women's Empowerment Principles (WEPs) in 2019.

In addition, the Company has committed to complying with the principles of Transparency International, evidencing its resolve to adhere to high ethical standards.

Enerjisa Enerji's Corporate Governance Rating increased to 95.50 out of 100 (9.55 out of 10) in 2022. Enerjisa Enerji thus maintained its place in the BIST Corporate Governance Index among institutions with the highest corporate governance ratings. Since 2019, the Company has been featuring in the BIST Sustainability 25 Index, which is comprised of companies traded on Borsa İstanbul with exemplary corporate sustainability practices.

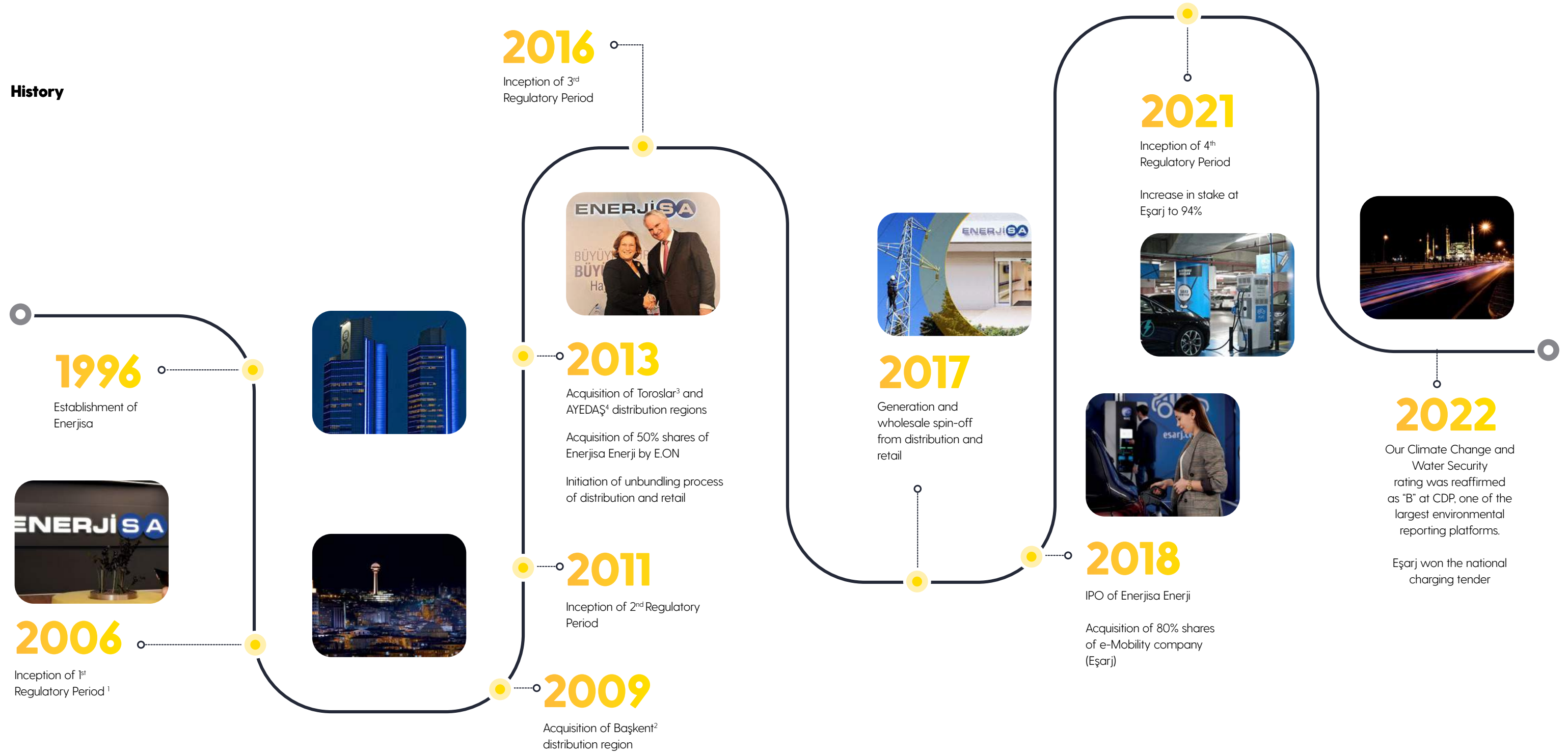
Creating its long-term strategies with a sustainable and holistic approach, Enerjisa Enerji integrates Environmental, Social and Governance (ESG) factors into its strategy. The Company attaches utmost importance to sustaining its existence as a transparent, ethical and principled company based on its corporate governance structure, and within this framework to reporting ESG data. The Company resorted to independent audit opinion for major ESG indicators for the first time in 2021. Maintaining its CDP Climate Change and Water Security scores at B level in 2022, Enerjisa Enerji also continued to enhance its ESG performance in other assessments carried out by indices and assessment platforms in 2022.





About Enerjisa

History



¹ Regulatory Period: Period of time at which the related tariff will be in effect, as approved by the Energy Market Regulatory Authority

² Başkent Elektrik Dağıtım A.Ş.

³ Toroslar Elektrik Dağıtım A.Ş.

⁴ İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.



About Enerjisa

Enerjisa Enerji targets to meet the rapid growth in electricity demand with an efficient approach that focuses on people and technology, and accordingly creating sustainable value.

Türkiye's largest electricity distribution and retail sales company Enerjisa Enerji has approximately 11.9 million distribution network connections, and 10.6 million customers, accounting for approximately 22% of the retail electricity market as of December 31, 2022.

Enerjisa Enerji carries out electricity distribution and retail sales operations through:

- Başkent Elektrik Dağıtım A.Ş. (Başkent EDAŞ) and Enerjisa Başkent Elektrik Perakende Satış A.Ş. (Başkent EPSAŞ) operating in the Başkent Region, which covers the provinces of Ankara, Zonguldak, Kastamonu, Kırıkkale, Karabük, Bartın and Çankırı.

- İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAŞ) and Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (AYESAŞ) operating in the AYEDAŞ Region, which covers districts on the Anatolian side of İstanbul.
- Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAŞ) and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (Toroslar EPSAŞ) operating in the Toroslar Region, which covers the provinces of Adana, Gaziantep, Mersin, Hatay, Osmaniye and Kilis.

The regions at which Enerjisa Enerji operates include the capital city Ankara, the Anatolian side of İstanbul, which is the largest city in Türkiye on a population basis, and major industrial and commercial cities with high population density, such as Adana, Gaziantep and Mersin.

Türkiye's economic growth and urbanization, digital transformation in all areas of life, electrification trends, and a young and dynamic population, signify substantial growth potential for electricity demand. Electricity today constitutes a vital need, much like air and water. Enerjisa Enerji targets to meet the rapid growth in electricity demand with an efficient approach that focuses on people and technology, and accordingly to create sustainable value for its customers, business partners, shareholders and all stakeholders.

Deriving its power from people and predicated on the values of sincerity, passion, courage, sustained development and inclusion, Türkiye's agile and innovative energy company Enerjisa Enerji continues to generate sustainable energy solutions that touch human lives.

Enerjisa Enerji centrally manages and monitors all its distribution and retail sales activities in 3 regions.

DISTRIBUTION ACTIVITIES

Electricity distribution activities are carried out by Başkent EDAŞ, AYEDAŞ and Toroslar EDAŞ. The operations of electricity distribution companies are restricted to the regions defined in their licenses.

Distribution is the delivery of electricity to end users via power lines with voltage level below 36 kV. Türkiye's distribution network is divided into 21 distribution regions, as defined by the "Electricity Privatization Strategy Document." Since the privatizations completed through 2009 to 2013, these regions have been operated by private distribution companies.

Each regional distribution network operator is responsible for;

- operating the distribution network in its region,
- making the requisite maintenance, repair, environment, security, renewal and expansion investments,
- performing the maintenance and reading of electricity meters,
- preparing demand projections and investment plans,
- monitoring theft-loss rates,
- supplying electricity to cover technical and commercial losses,
- taking the necessary technical and operational measures to reduce theft-loss rates,
- and ensuring the lighting of public areas.



Enerjisa Enerji centrally manages and monitors all its network operations in its 3 distribution regions, while planning and realizing its distribution network-related operations. As part of grid management processes, Enerjisa also engages in activities related to network expansion and renovation; increasing the operational efficiency of the network; as well as research and development efforts. These activities enable Enerjisa to standardize network management processes in all three regions; devise centralized procedures; determine key performance indicators such as compliance with EMRA's technical, commercial and supply security standards, as well as outage and theft-loss targets; plan system improvements; control and monitor local networks; and conduct customer-related operations.

RETAIL ACTIVITIES

Retail electricity sales activities are carried out by Başkent EPSAŞ, AYESAŞ and Toroslar EPSAŞ.

Retail electricity sales companies sell electricity exclusively to consumers within the Company's distribution regions as the incumbent retail companies, and to eligible consumers in their respective regions and in other parts of Türkiye without regional limitations.

Enerjisa Enerji is the leader in Türkiye's retail electricity market in terms of both customer numbers and sales volume. Enerjisa Enerji, as the incumbent retail company sells electricity to regulated customers through regulated national tariffs in 14 provinces, and to eligible consumers across Türkiye. It also offers innovative products and services to 10.6 million customers, ranging from households to small or large enterprises. With its extensive field teams, the Company provides services through 39 Customer Service Centres and 73 Transaction Centres, as well as via the internet and on digital channels.

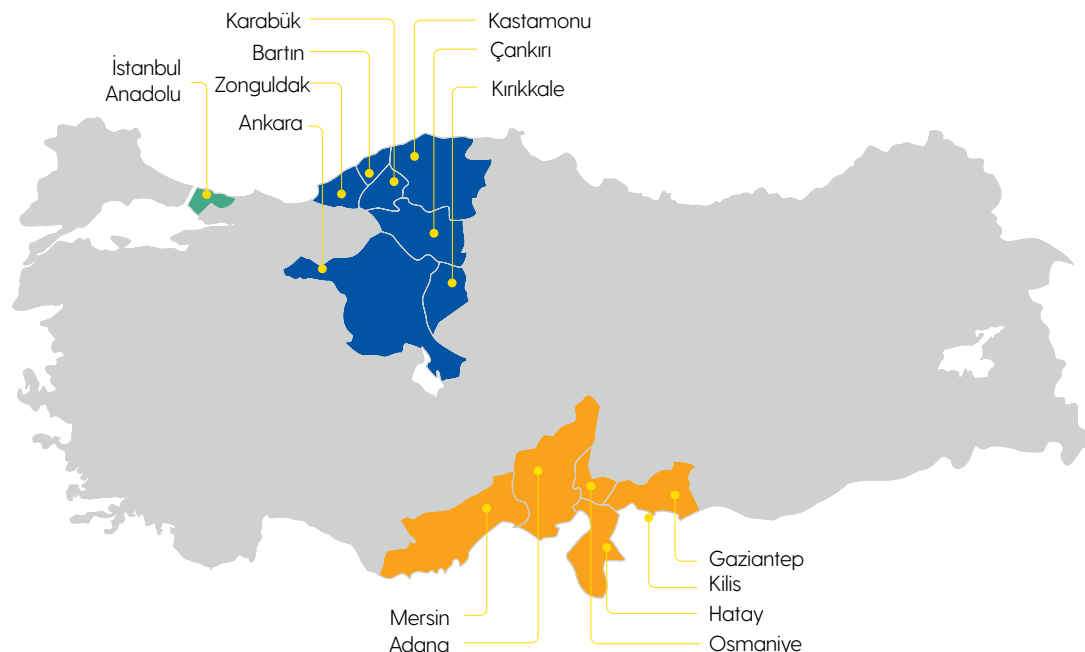
Population

Başkent **7.7 million**

Ayedaş **5.7 million**

Toroslar **8.7 million**

* TURKSTAT





About Enerjisa

Enerjisa Enerji meets customer needs with sustainable and innovative solutions through green energy solutions, distributed generation solutions and e-Mobility.

CUSTOMER SOLUTIONS

Enerjisa Enerji is dedicated to meeting customer needs with sustainable and innovative solutions. To that end, Enerjisa Müşteri Çözümleri A.Ş. was established in 2017 to manage customer solutions.

In this context, since October 2020, Enerjisa Enerji has been offering end-to-end solutions aimed at enhancing the energy efficiency and reducing the carbon emissions of its corporate customers, under the umbrella of “The Energy of My Work” (İşimin Enerjisi).

Enerjisa Customer Solutions Portfolio

Green Energy and Energy Efficiency Solutions

- Green Energy Solutions

- I-REC Certificate

- Carbon Reduction Certificate

- Energy Efficiency Solutions

- Lighting Conversion Projects

- Process Efficiency Projects

- Cogeneration (CHP) and Trigenation (CCHP) Solutions

Distributed Generation Solutions

- Renewable Energy Solutions-Solar Power Plants (SPP)

e-Mobility

- Eşarj

Green Energy and Energy Efficiency Solutions

Enerjisa Enerji's customers may reduce or neutralize their greenhouse gas emissions resulting from electricity consumption with two types of certificates. Enerjisa Enerji provides I-REC Certificate and Carbon Reduction Certificate to its customers under green energy solutions.

Enerjisa Enerji develops customer-focused alternative energy efficiency solutions. The Company offers energy efficiency applications with the energy performance contract (ESCO/EPC) model, particularly in the fields of waste heat recovery, heating, ventilation and air conditioning (HVAC), pressurized systems, electric engines and lighting.

Distributed Generation Solutions

Keen to assume an active role in the combat against climate change, Enerjisa Enerji also works on decentralized distributed energy models in parallel with the centralized energy model. In this context, the Company offers reliable solutions that are tailored to specific customer requirements through innovative business and financial models in the field of solar power plants (SPP), where it deploys its financial and technical know-how. As of the end of 2022, total installed capacity of the solar power plants reached 22.6 MWp, out of which 14.8 MWp was realized in 2021 through self-consumption model.

e-Mobility: Eşarj

Enerjisa Enerji encourages widespread use of highly efficient electric vehicles in order to contribute to a low-carbon ecosystem.

To that end, the Company actively explores opportunities in innovative business areas such as electric vehicle charging stations, electricity storage systems, smart home technologies, and systems that help consumers generate their own electricity.

Enerjisa Müşteri Çözümleri A.Ş. became the controlling shareholder of Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj) by acquiring 80% of the shares of Eşarj in 2018. Through this acquisition, Enerjisa Enerji aims to play an innovative and pioneering role in the electric vehicle ecosystem and to be pivotal in the transformation of the sector, alongside its leadership of distribution and sales in the electricity sector. In December 2021, Enerjisa Müşteri Çözümleri A.Ş. acquired a 14% minority stake in Eşarj, thereby raising its stake from 80% to 94%.

Eşarj operates Türkiye's first and fastest electric vehicle station network with 788 charging points, 520 of which are fast charging stations, at 422 public locations as of the end of 2022. Since July 2020, the electricity used for vehicle charging has been certified with the International Renewable Energy Certificate (I-REC) at all of the Company's public stations, increasing its contribution to carbon emissions reduction in tandem with an expanding network.

As of July 2022, Eşarj was entitled to establish 495 fast charging stations (minimum 90 kW and with minimum 2 charging sockets) in 53 cities within 11 investment regions pursuant to “Fast Charging Stations Support Program” for Electric Vehicles initiated by the Ministry of Industry and Technology of the Republic of Türkiye.





About Enerjisa

Enerjisa Enerji works diligently to create a better future for more people.

BRAND VALUE

Enerjisa Enerji tops the roster of Türkiye's most prominent and trusted brands, with its investments, effective brand communication programmes, as well as customer-focused and innovative products. The prestige associated with strong shareholders such as E.ON and Sabancı Holding, further bolsters the Company's brand perception.

A brand that cares about and creates value for its customers

Enerjisa Enerji pursues a long-term brand strategy, with a view to being a reliable and innovative brand that maintains a strong image; commands the highest awareness ratio in its industry; and cares about and creates value for its customers.

According to Enerjisa Brand Awareness Research, the top-of-mind awareness score¹ of Enerjisa brand increased from 22% in April 2015 to 72% in August 2022, while its spontaneous awareness score² advanced from 47% in April 2015 to 91% in August 2022.

Featuring among the most prestigious brands in the industry with a perspective that prioritizes innovation and values customer satisfaction, Enerjisa Enerji completed its brand re-launch process in 2015, fortifying its emotional bond with customers. Through a national advertising campaign launched in December 2015, the visual world of the brand and the tone of communication were changed radically, creating the perception of a more accessible brand in the eyes of consumers. Moreover, "Energy Button" and "Türkiye's Energy" were added to brand assets.

In 2016, Enerjisa Enerji launched its "Save Your Energy" movement, which aims to raise awareness on energy efficiency, a critical matter for the sustainability of energy resources. With this move, the Company started to embrace the concepts of saving energy and technology.

Pioneering the institutionalization of the industry

Enerjisa Enerji, which offered a 20% stake to the public in 2018, took a cardinal step towards institutionalizing the energy industry with the support of the communication campaign conducted during this process.

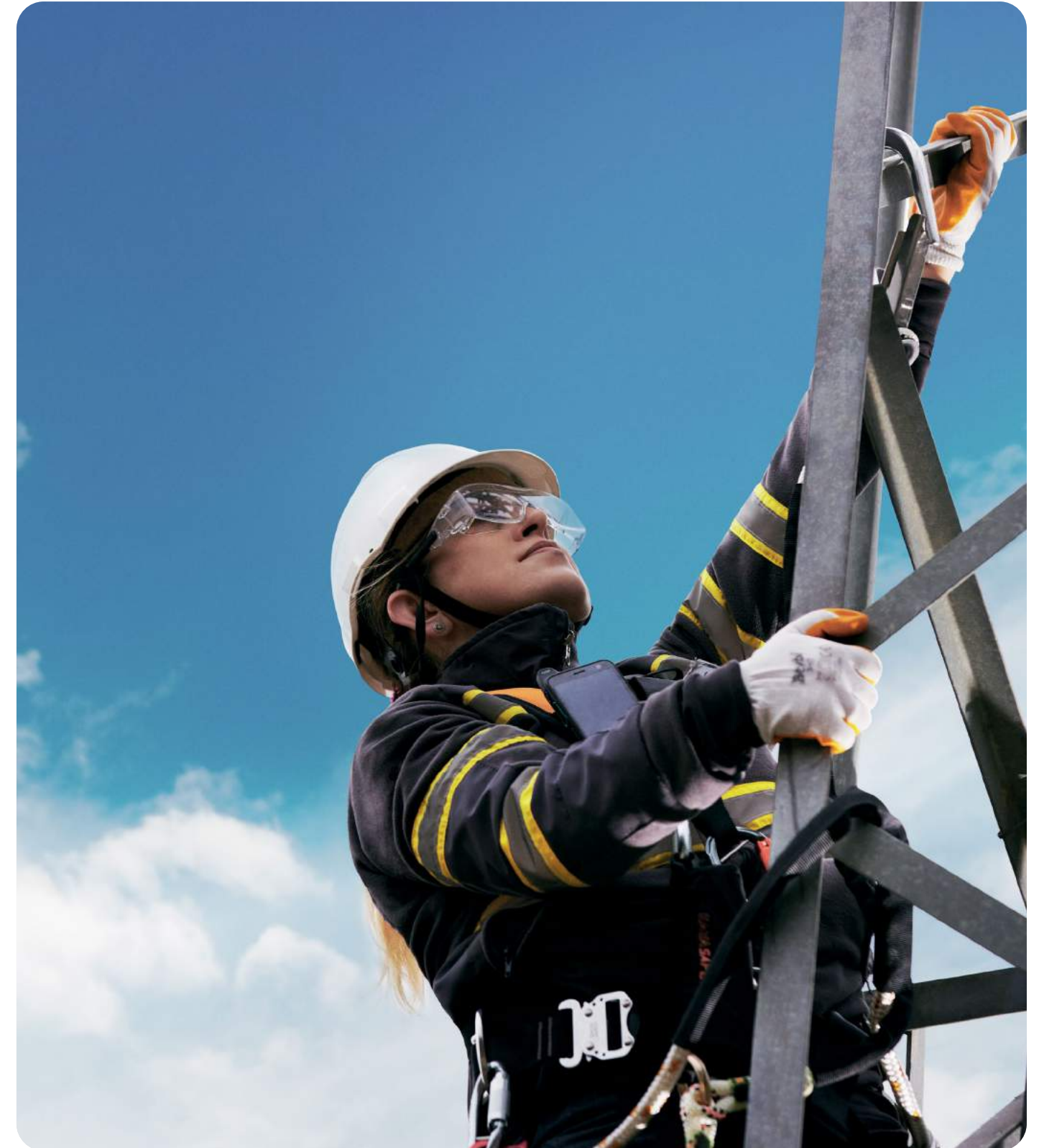
The public offering process was announced across Türkiye through 360° communication activities, with the slogan "As long as Türkiye has this energy, the future is much brighter." Enerjisa Enerji's brand recognition and corporate identity were further bolstered along with the public offering.

A better future for everyone

Enerjisa Enerji continues to develop products that will facilitate the lives of its customers, and to initiate investments. The Company works diligently to create a greener and smarter world and a better future for more people across Türkiye with the projects it develops. With the slogan "For a Better Future", Enerjisa Enerji communicates its projects focused on renewable energy and e-Mobility solutions, equal opportunity, supporting entrepreneurship ecosystem and sustainable tourism, and raising saving awareness among children, both in digital and traditional channels.

¹ The sum of brand awareness in the media and the ability of a potential customer to recognize or recall a brand as member of a particular product category without reminders.

² The ability of a potential customer to recognize or recall a brand as member of a particular product category without reminders.





Purpose, Vision, Mission and Values

PURPOSE

To connect people and industries to energy; and to provide a safer, cleaner and better energy future in Türkiye for generations to come.

VISION

Everyone should live in a sustainable energy world.

MISSION

To accelerate sustainable energy transformation by building the needed infrastructure and services of tomorrow.

VALUES

INCLUSION

We create an environment which ensures the inclusion of our stakeholders, we encourage, appreciate different opinions, get the utmost benefit with multiple collaborations.

SINCERITY

We place love, respect and trust at the centre of all our relations with stakeholders; we are as we seem, and we seem as we are.

PASSION

We approach all our endeavours with enthusiasm, excitement, perseverance, and wholehearted conviction; we invigorate our entire environment with our energy.

COURAGE

We express our ideas openly, take risks, and do not fear making mistakes. We use initiative to take responsibility, and move on to action.

CONTINUOUS DEVELOPMENT

We question ourselves and our work with a positive curiosity and genuine excitement about innovation. To ensure excellence, we always learn from our past experiences, develop with our vision of the future, and pioneer change.



Capital and Shareholder Structure

Enerjisa Enerji sustains its operations and investments with the strength it derives from its prominent shareholders; E.ON and Sabancı Holding.

Enerjisa Enerji sustains its operations and investments with the strength it derives from its prominent shareholders; E.ON, which operates in the global energy market, and Sabancı Holding, a leading conglomerate in Türkiye.



Being one of the largest electricity service providers in the world, E.ON focuses on two main business areas in Europe, namely management of distribution networks and customer solutions.

- Has approximately 72,000 employees and 48 million customers.
- Has a Regulated Asset Base in excess of €36.4 billion.



Sabancı Holding is a diversified conglomerate that focuses on creating added value with ecosystem collaborations, and prioritizes a high-performance culture, while adhering to sustainability principles.

- Main business areas are banking, financial services, energy, industrials, building materials, retail and digital.
- Sabancı Group companies operate in 14 countries as of year-end 2022.

- Sabancı Holding's own shares, as well as the shares of its 11 subsidiaries, are listed on Borsa İstanbul (BIST) and constitute 6% of total market capitalization of the Turkish equity market as of year-end 2022.
- Sabancı Holding has partnerships with leading names in the world (Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Cement and Skoda).

Shareholder Name	Capital/Voting Right	
	December 31, 2022	
	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	472,427,587.56	40
DD Türkiye Holdings S.A.R.L.	472,427,587.56	40
Other (Free Float)	236,213,792.00	20
TOTAL	1,181,068,967.12	100



Information on Stock

Enerjisa Enerji's share price delivered a 280% nominal return in 2022.

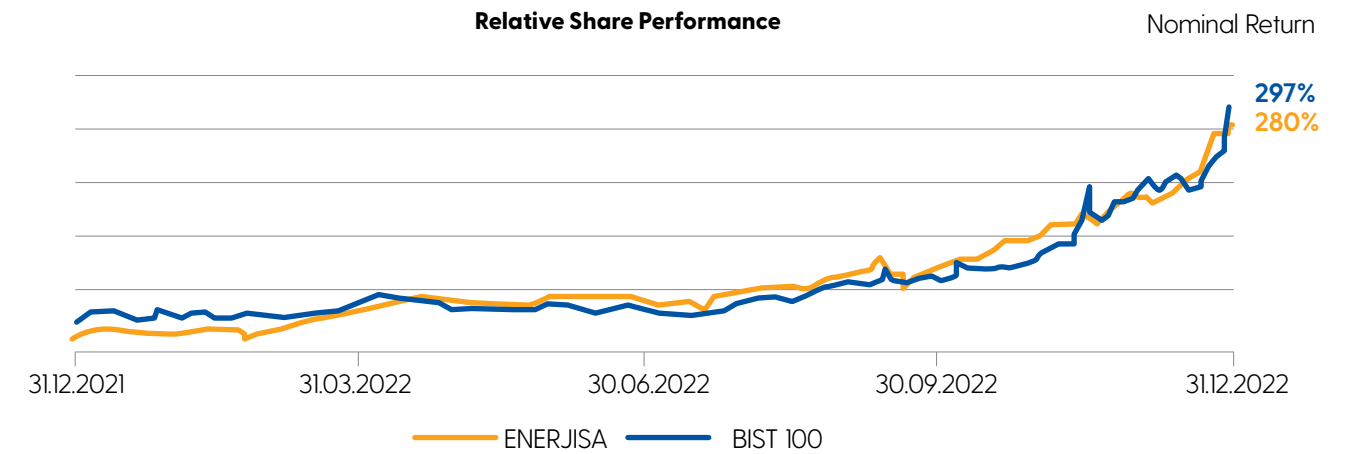
Following a successful IPO, Enerjisa Enerji shares have been trading under the "ENJSA" ticker on Borsa Istanbul (BIST) Stock Market since February 8, 2018. ENJSA was included in FTSE All-World Index in June 2018; BIST Sustainability Index in October 2019; and BIST Corporate Governance Index in December 2019.

Stock Information	2022
Stock Exchange	Borsa Istanbul
BIST Ticker	ENJSA
Bloomberg Ticker	ENJSA TI
IPO Date	08.02.2018
Nominal Value of Total Shares	TL 1,181,068,967.12
Free Float	20%
Market Capitalization (31.12.2022)	TL 42.6 billion
Year-End Closing Price (31.12.2022)	TL 36.06

Source: Bloomberg

Enerjisa Enerji's share price delivered a 280% nominal return in 2022. The average daily transaction volume during the year was TL 12.6 million.

As of year-end 2022, Enerjisa Enerji had a market capitalization of TL 42.6 billion. Foreign investors' share in the free float as of year-end 2022 was 37%, compared to 30% foreign ownership for BIST.

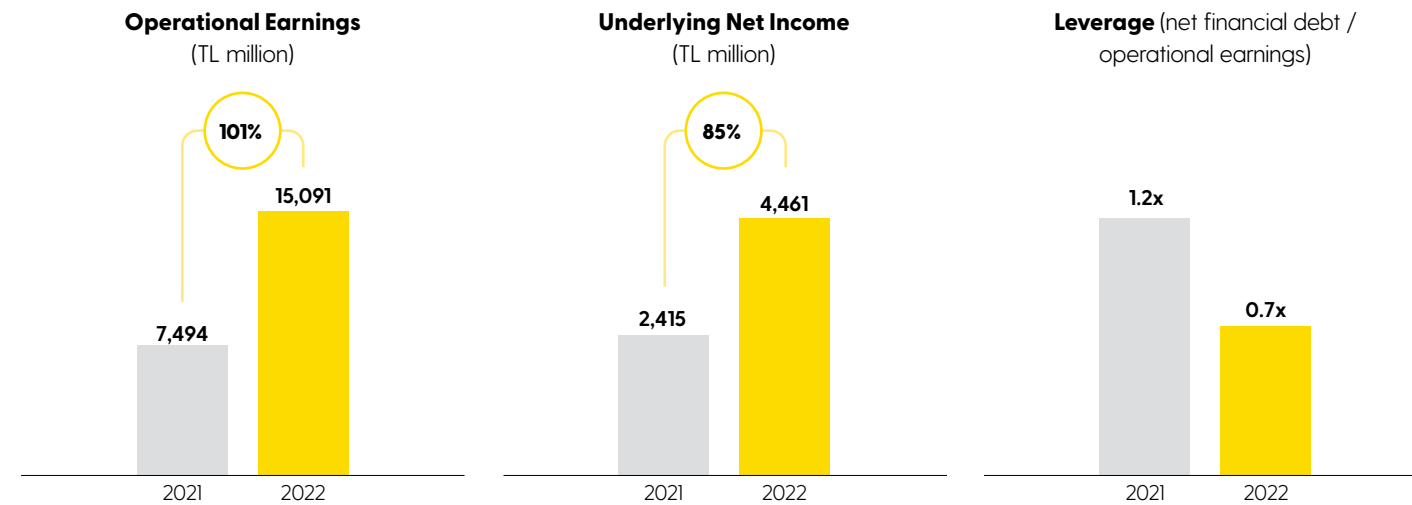




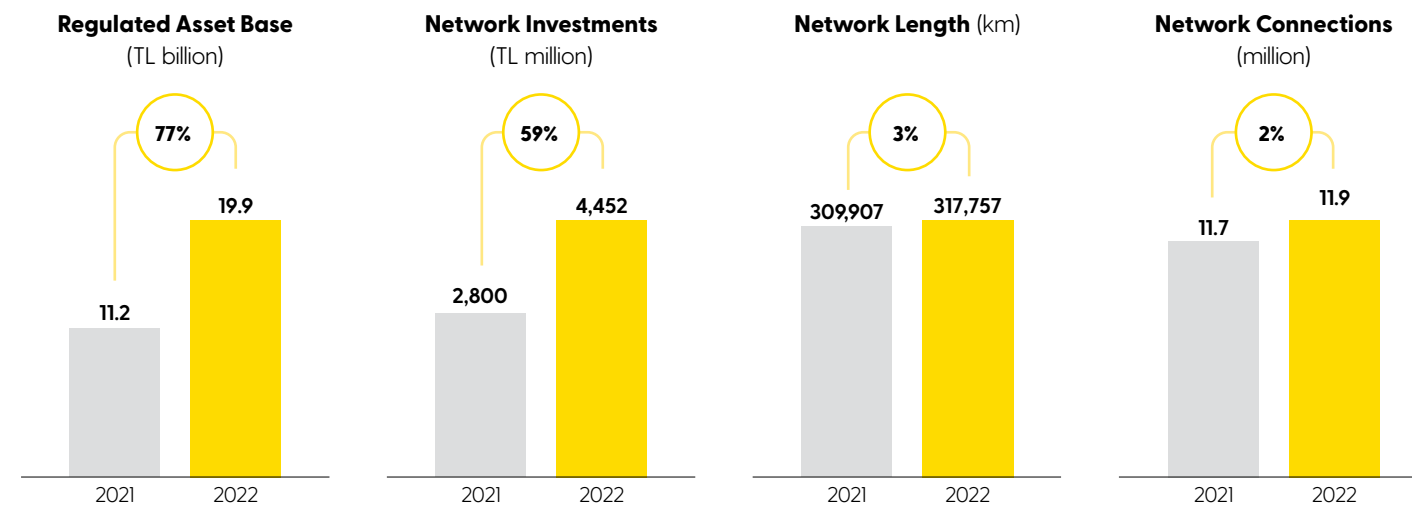
Key Operational and Financial Indicators

Enerjisa Enerji continued to improve its performance year after year thanks to its strong balance sheet and accelerating investments.

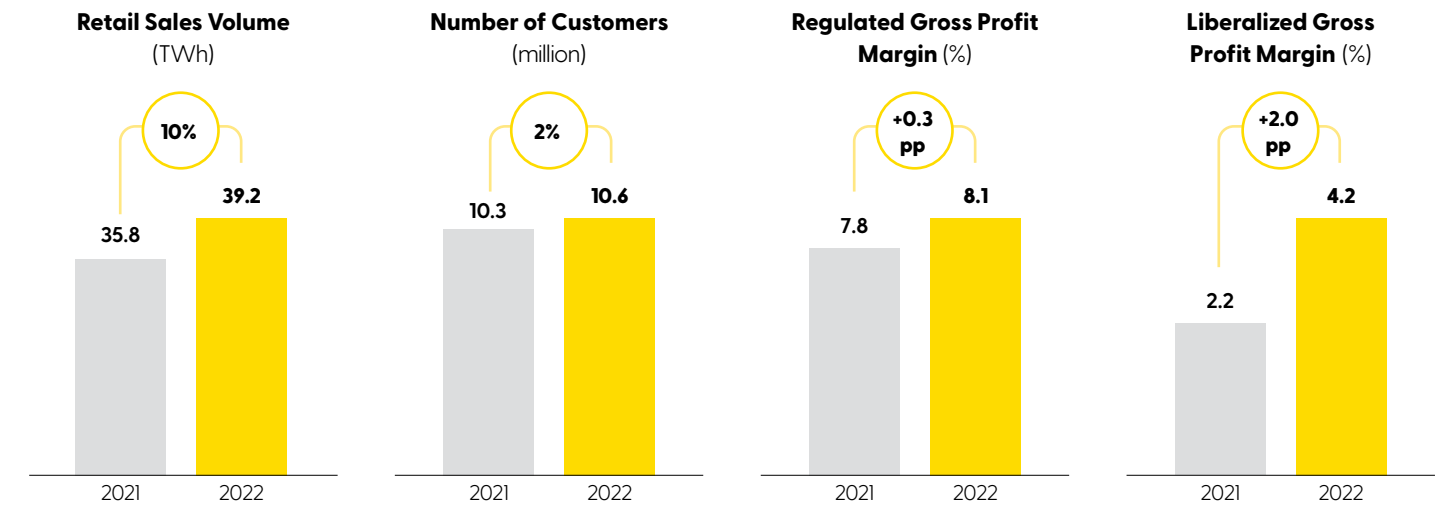
Consolidated Financial Indicators



Distribution Operational Indicators



Retail and Customer Solutions Operational Indicators



	2021	2022	Change
Consolidated			
Operational Earnings* (TL million)	7,494	15,091	101%
Underlying Net Income (TL million)	2,415	4,461	85%
Free Cash Flow (after interest & tax) (TL million)	108	1,557	1,342%
Economic Net Debt (TL million)	11,325	15,188	34%
Leverage (Net Financial Debt/Operational Earnings)	1.2x	0.7x	-0.5x
Distribution			
Operational Earnings (TL million)	6,551	12,529	91%
Regulated Asset Base (TL million)	11.2	19.9	77%
Network Investments (TL million)	2,800	4,452	59%
Network Connections (million)	11.7	11.9	2%
Network Length (km)	309,907	317,757	3%
Retail and Customer Solutions			
Retail Operational Earnings (TL million)	962	2,637	174%
Retail Sales Volume (TWh)	35.8	39.2	10%
Number of Customers (million)	10.3	10.6	2%
Regulated Gross Profit Margin (%)	7.8	8.1	+0.3 pp
Liberalized Gross Profit Margin (%)	2.2	4.2	+2.0 pp
Solar Power - Installed Capacity (MWp)	22.6	24.1	7%
Combined Heat and Power (MWp)	3.8	3.8	-
Charging Plugs	494	788	60%
Public Charging Locations	263	422	60%

* Operational Earnings refers to EBITDA plus CAPEX reimbursements excluding exceptional items.



Awards

2022 Awards

- **Fortune Magazine** – The Most Admired Companies of Türkiye Survey 2022 – Top 100
- **Brand Finance** – “The Most Valuable Brands of Türkiye” – Industry Leader / 21st overall
- **CIO Awards 2022** – “Best CIO Award” (Mehmet Fırat)
- **IDC CIO Türkiye Awards** – Information Technologies Governance Award (E-TERNAL Digital Transformation Journey)
- **IDC CIO Türkiye Awards** – Future Enterprise Category- Reskilling Award (Technology Development Academy program)
- **IDC DX Awards 2022** - Leader of the Year (Mehmet Fırat)
- **Altın Pusula Awards** – Crisis Communication Category (Tough Winter Conditions Crisis Management Başkent EDAŞ)
- **Indigo Design Awards**
 - o 1 Silver, 3 Bronze Awards with SENTRUM
 - o Energy Category – Silver
 - o Logo Design – Bronze
 - o Tourism Category – Bronze
 - o Services Other – Bronze
- **MediaCat** – “The Most Successful 20 Projects on Corporate Social Responsibility in Türkiye” – “I Protect My Energy”
- **Ministry of Energy and Natural Resources** – “Energizing Women” Award – Hülya Erdener Akınç
- **A.C.E. Awards – Şikayet var.com** – Energy Retail Category/ 2nd Company that Best Manages Customer Complaints – Gold Award
- **Fast Company** – Sustainability Leaders 50 List- Murat Pınar
- **CFO Summit 2022 Türkiye** - BMI “Most Effective CFO” – Dr. Michael Moser
- **1st Energy Efficiency Awards** – Energy Efficiency Award (Enerjisa & Brisa) – Brisa Aksaray Factory Energy Transformation Project
- **Globe Business Excellence Awards**- 29 Awards
 - o The 2nd Most Award-Winning Company in the World – a total of 28 awards, 16 gold, 9 silver and 3 bronze, with the following projects. “People and Culture Practices”, “On the Way to the Future”, “Periscope”, “Patika”, “Technology Development Academy”, “VR Admission Training”, “AA+”, “Equal Access”, “Leadership Development Programs”, “Corporate Sales Academy” and “Sales School”.
 - o Silver medal in the category of “Employer of the Year in the Field of Energy Services”
- **16th International Arena Aquamasters Swimming Championship** – Enerjisa Swimming Club Yellow Fins – 12 Medals (4 gold, 2 silver and 6 bronze medals, 1 cup in 2K, 1K and 4X500 Mixed and Women’s/Men’s relay races)
- **Communitas Awards** - 3 Sustainability Awards
 - o “Leadership in Ethics and Environmental Responsibility Award” with SENTRUM
 - o “Green Enterprises Award” with SENTRUM
 - o “Sustainability Award” with KOZALAK project
- **LACP Vision Awards** – Enerjisa Enerji A.Ş. 2021 Annual Report
 - o 1st place in the Worldwide Utilities & Electricity Industry category
 - o 2nd place in the Worldwide Oil, Gas and Consumable Fuel category
 - o 3rd place in EMEA & Türkiye region
- **Youthall Awards 2022** – Gümüş Ödül
 - o 2nd company in the category “Energy Company Most Wanted to Work for by Young People”
- **Youthall Awards 2022** – Gold Award- Yakup Aydılek
 - o Gold Award in the category of “The Most Inspiring HR Leaders for Young People”
- **Business Life 50 Most Influential Leaders List**
 - o “Türkiye’s 50 Most Influential CEOs List” – Murat Pınar
 - o “Türkiye’s 50 Most Influential CFO List” – Michael Moser
 - o “Türkiye’s 50 Most Influential CHROs list” – Yakup Aydılek
- **International Finance Awards** – “Best CFO in Oil and Gas Industry” – Dr. Michael Moser
- **Corporate Games** – 3 Corporate Awards
 - o Division Champion Award
 - o Sports Champion Awards - in Basketball and Swimming Branches
- **Titan Business Awards** – 2 awards with Digital E.A.S.Y. Project
 - o Platinum Award in Customer Service - Best Digital Strategy for Customer Service
 - o Gold Award in Business Technology Solutions- Operation Management Solution
- **Sardis Awards** – Gold Sardis
 - o Digital E.A.S.Y. (Increased Effective Sales Management) project in “Customer Experience and Interaction” under the “Data Technologies” category.





A more equal future

We firmly believe that equality of opportunity should be provided in all areas of life for a better future. We do our best to ensure that women, young people, and disabled persons have equal rights in social and business life. We are committed to spreading equality everywhere with our “Not without You” initiative.



MANAGEMENT

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Chairman's Message

In 2022, as Enerjisa Enerji, we have successfully fulfilled our role with investments in the grid, in electricity distribution, retail and customer solutions, which is our core business line.

Dear Stakeholders,

Earthquakes that took place on February 6, 2023 affecting 11 of the provinces seriously impacted Hatay, Gaziantep, Adana, Kilis and Osmaniye which are under our operating region Toroslar. Following the earthquake, disaster plans were immediately executed and relevant actions were taken to meet the needs of our 4,507 employees and their families, primarily from safety and accommodation perspective. After ensuring the safety of our employees, required equipment and vehicles were transferred to the region while repair works were also initiated rapidly by our support staff from other regions as well as other employees in the region. Accommodation and vital needs of our employees and their families impacted by the earthquake were met in a short period.

We express our deepest condolences for 16 of our employees and all of our citizens who have lost their lives due to earthquake. Our heartfelt thoughts and prayers are with the injured and we wish them a fast recovery.

While 2022 was foreseen as a post-pandemic normalization period, it gained a different dimension with the effects of the war between Russia and Ukraine on the global energy sector. Although Türkiye did not experience a supply security problem in regards to primary energy resources, it was directly affected by the increasing prices around the world. In this period of economic difficulties after the pandemic, inflation and exchange rates continued their volatile course. Enerjisa Enerji continued to successfully manage financial and operational risks while maintaining its resilience and flexibility. Via the management of the increasing cash flow and working capital requirements and coupled with the increasing inflation effect and energy costs, Enerjisa Enerji showed a positive performance.

In this period of macroeconomic problems triggered by the pandemic and war, the sector regulator and legislator took a protective attitude towards the end user and especially the households. All stakeholders in the sector have observed that in a system where actual costs and prices are reflected under free market conditions with the appropriate support mechanisms, investments will rise with an emphasis on sustainability and efficiency, strengthening resilience, flexibility and governance.

We have left a year behind and witnessed that the energy transformation takes place rapidly - not just despite all the conditions but also in tandem with them. In this context, I believe the "Trilemma" concept has correctly evaluated the energy sector, in the axes of "Sustainability" and especially "Climate Change", "Costs and Pricing" and "Security of Supply", which cannot be maximized at the same time. While the need to adopt new policies rapidly in the transition to a low-carbon economy on a global scale is increasing, we closely follow all the actions and developments taken in this context. We have a long road ahead of us both in the world and Türkiye. The energy sector bears a significant responsibility due to its major share in carbon emissions.

Since electrification, efficiency, and renewable energy integration into the grid are significant components of this energy transition, we believe that the electricity distribution sector plays a leading and crucial role.

In 2022, as Enerjisa Enerji, we have successfully fulfilled this role with our investments in the grid, with the awareness of serving a population of more than 22 million in electricity distribution, retail and customer solutions, which is our core business line. In 2023, we will continue to increase our investments and service quality. We will continue to support the energy transformation of our customers through a sustainable business model with our customer solutions that we have accelerated by branding them as "Energy of My Business."

We will continue to support the energy transformation of our customers through a sustainable business model with our customer solutions that we have accelerated by branding them as "Energy of My Business."

During the past year, our Enerjisa Energy Board of Directors fulfilled its duties and responsibilities within the scope of the relevant legislation and procedures. During the 5 Board of Directors meetings held in the fiscal year of 2022, financial and operational performance was reviewed, and necessary recommendations were shared with the senior management. Agenda items conveyed by the company management throughout the year were also meticulously discussed and resolved. The committees of the Board of Directors regularly met many times to review the work conducted in the areas of corporate governance, sustainability, risk, finance, and human resources. The recommendations from these committees were also shared with the Board of Directors and considered by us.

As the Board of Directors, we congratulate Enerjisa Enerji senior management, all committees, employees, and suppliers for their successful work in 2022, and thank our customers and investors for their trust in us.

Kıvanç Zaimler
Chairman, Enerjisa Enerji





Board of Directors



Kivanç Zaimler
Chairman

Kivanç Zaimler graduated from Istanbul Technical University Industrial Engineering Department and Berlin Technical University, and held various managerial positions in the private sector in different fields within 1992-2008.

Mr. Zaimler joined Enerjisa in 2008 and held several roles in natural gas trading, and subsequently served as General Manager of distribution and retail companies, before being appointed as the CEO of Enerjisa. In 2018, he played an active role in the IPO of Enerjisa, which stood out as the largest public offering of the period. Mr. Zaimler, while serving as Sabancı Holding Energy Group President since July 2018, is also Chairman of the Board of Directors at Enerjisa Enerji, and Vice Chairman of the Board of Directors at Enerjisa Üretim. In addition to his duties in the energy business, Mr. Zaimler also serves as Chairman of SabancıDx since 2020. Additionally, within Sabancı Group, Mr. Zaimler holds the posts of Chairman of Sabancı Renewables, which has investments in climate technologies; and of Dx Technology Services and Investment BV (DxBV), a digitally-focused global technology company, both entities established abroad.

Assuming active roles in non-governmental organizations, Mr. Zaimler serves as Vice President at World Energy Council-Türkiye, Chairman at the Association of Electricity Distribution System Operators (ELDER), Member of the Board of Directors at Sabancı University Istanbul International Energy and Climate Centre (IICEC), Advisory Council Member at SHURA Energy Conversion Centre, and Member of US-Türkiye Business Council.

Johan Magnus Moernstam
Vice Chairman

Johan Moernstam received his Business Administration and Business Law degrees from the universities of Lund and Växjö in Sweden, whereafter he completed the Executive MBA programme of the University of Lund. He started his professional career in 1988 as business controller at Fylgia Invest.

In 1995, he joined the energy company Sydgas, which was later acquired by E.ON Group. After holding several managerial positions, in 2007 Mr. Moernstam was appointed Vice President of Commodity Portfolio Optimization at E.ON. From 2010 until 2014, he assumed various managerial roles in Germany and Sweden. Within 2014-2019, Mr. Moernstam served as the CEO of E.ON Energidistribution AB, one of Sweden's largest power and gas distribution companies.

Since 2020, Mr. Moernstam serves as Senior Vice President of Energy Networks-Europe at E.ON Group, responsible for power and gas distribution in Sweden, Poland, Slovakia, Czech Republic, Hungary, Romania, Croatia and Türkiye.



Hakan Timur
Board Member

Hakan Timur holds a BA degree in Economics from Istanbul University and a Master's degree in Energy and Technology Management from Sabancı University. Mr. Timur started his professional career at Marsa-Kraft Foods International in 1997. He thereafter joined Sabancı Group, where he held various local and international human capital and organizational development roles in a wide range of sectors including energy, industrials, building materials and food industry.

Since 2018, Mr. Timur has been serving as Sabancı Group Human Capital and Sustainability Group President. In 2021, he was also appointed as Chief Diversity, Equality and Inclusion (DE&I) Officer at Sabancı Holding. In addition to his current roles, Mr. Timur serves as Executive Committee Member at Sabancı Holding and as Chairperson at Teknosa. He also undertakes Board of Directors membership and Vice Chairman roles in various companies including SabancıDx and Enerjisa.

Mr. Timur serves as Board Member at Private Sector Volunteers Association, Board Members Association, and Business Council for Sustainable Development in Türkiye. He undertakes the leadership of Turkish Industry & Business Association's (TÜSİAD) Employment and Social Security Working Group, and serves as Commissioner at the Business Commission to Tackle Inequality (BCTI) within World Business Council on Sustainable Development (WBCSD).

Thorsten Lott
Board Member

Thorsten Lott received his degree in Business Administration at the Georg August University of Göttingen. He joined VEBA Group in 1999 as Business Controller for sales and trading activities in Hanover.

After the merger of VEBA and VIAG, Mr. Lott moved to the newly founded E.ON Energie AG in Munich, where he held different financial leadership positions in the areas of Risk Management, Control and Derivative Accounting. In 2007, Thorsten Lott joined E.ON Kernkraft in order to facilitate the development of new international nuclear projects. After holding different financial leadership positions within the nuclear sphere, he assumed controlling responsibility for nuclear activities in E.ON Group (Germany and Sweden) through the newly founded E.ON Generation. In addition, Mr. Lott oversaw all hydro generation activities of E.ON Group (Sweden, Germany, Italy and Spain).

Mr. Lott was appointed as Head of Finance for all nuclear activities in 2015, and as Member of the Board (CFO) of PreussenElektra, which is responsible for the management of all remaining nuclear activities within E.ON Group.



Board of Directors

**Nusret Orhun Köstem***Board Member*

Orhun Köstem received his bachelor's degree from Middle East Technical University Mechanical Engineering Department in 1991 and his MBA degree at the same university. He also has a Master's degree in Finance and Corporate Law from Bilgi University.

Mr. Köstem joined Anadolu Group in 1994 and held various management positions until 2008. In 2008, he was appointed as the CFO of Efes Breweries International, and in 2009 continued his career as Corporate Finance Coordinator of Anadolu Group. Mr. Köstem pursued his career in Coca-Cola İçecek, where he worked from 2010 to 2016 as CFO, and from 2017 to 2018 as Regional Director responsible for Middle East and Pakistan. Mr. Köstem served as the CFO of Anadolu Efes between 2019 and 2021. Mr. Köstem serves as Group CFO of Sabancı Holding since July 1, 2021. He is also Chairman of Carrefoursa, Vice Chairman of Sabancı Climate Technologies, Supervisory Board Member of Cimso Sabancı Cement BV, and Member of the Board of Directors of Akbank, Kordsa, Enerjisa Enerji and Enerjisa Üretim.

Mr. Köstem is one of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offering and Investor Relations", published in 2009. In 2016, 2019, 2020 and 2021, he was listed among "Türkiye's Most Influential 50 CFOs", according to research conducted by BMI Business School in collaboration with DataExpert. He was recognized as Türkiye's Best CFO at Investor Relations Awards organized by Thomson Reuters Extel in 2011 and 2013, while also having been named among "Best CFOs" by Sell Side analysts in Consumer Sector within Emerging EMEA by Institutional Investor Magazine and Institutional Investor Research Group in 2020. He was ranked Best CFO in Industrials Sector in Emerging EMEA Region by Institutional Investor in 2022, and was named within C-Suite Series – Fortune CFO 2022 list.

Mr. Kostem is also a Member of the CFA Society and CFO Network of World Business Council for Sustainable Development (WBCSD).

Dr. Guntram Würzburg*Board Member*

Dr. Guntram Würzburg studied Law at the University of Göttingen. He holds a PhD in Law, and has attended several Executive Programs of Harvard Business School and MIT, Boston.

Dr. Würzburg started his career at PreussenElektra AG, Hannover in 1995 as in-house counsel for Energy, Antitrust and Corporate Law. In his various positions, he worked on several major M&A transactions and reorganizations of the European energy industry in recent decades. He joined the Legal Department of E.ON's Holding Company in 2001, after having worked on VEBA/VIAG merger. Dr. Würzburg held several positions as General Counsel in different E.ON Group companies thereafter, amongst others in the real estate business with Vitrera AG and in gas trading & supply business with E.ON Ruhrgas AG. In 2003, he worked in the US as in-house counsel for Regulatory Affairs at LG&E, Louisville, KY. In July 2009, he quit his legal role and took over as HR Director for E.ON Ruhrgas AG, which he continued for successor companies E.ON Energy Trading SE and E.ON Global Commodities SE until December 2013.

Effective as of January 2014, Dr. Würzburg was appointed Head of E.ON's Corporate Audit function. He served as General Counsel and Chief Compliance Officer at E.ON between January 2017 and July 2022, and has been the CEO of E.ON Hungary since July 2022.

**Fatma Dilek Yardım***Independent Board Member*

After graduating from the Department of Business Administration at Boğaziçi University Faculty of Economics and Administrative Sciences, Dilek Yardım embarked on a career in banking in 1988.

Between 1990 and 1999, Ms. Yardım worked as VP of Project Finance and later Corporate Finance divisions at Bankers Trust. From 1999 to 2001, she served as Assistant General Manager of Global Banking department at Deutsche Bank. From 2001 until 2016, she served as CEO and Board Member at Deutsche Bank, Credit Agricole CIB and Standard Chartered Bank, consecutively. Since 2018, she has been serving as Independent Director and Chair/Member of various Board Committees at Enerjisa Enerji, Çimsa Çimento, Afyon Çimento, Altinyunus and Pınar Et. Ms. Yardım is the Branch Manager of the Germany-based real estate fund Commerz Real Investment, while continuing to work as management consultant at her own company.

Ms. Yardım has an MBA degree from the joint program of Manchester Business School and University of Bangor, and certificates from Harvard Executive Education. Furthermore, she has played active roles at TÜSİAD, YASED and DEİK, along with her professional career.

Kamuran Uçar*Independent Board Member*

Upon graduating from Middle East Technical University with a Master's degree in Chemical Engineering in 1996, Ms. Uçar started her career at TÜBİTAK Defense Industries Research and Development.

Ms. Uçar subsequently embarked on a career at Unilever in 1999, where she served consecutively as Product Manager for Omo; and as Vice President of Household Cleaning and Laundry Products divisions responsible for Africa, the Middle East and Türkiye, while also leading the divisions' teams in South Africa, Türkiye and Dubai. During this period, she also served as Board Member for Unilever Global Home Care business. Within 2016 and 2018, Ms. Uçar continued to serve as Vice President in Household and Personal Care at Unilever Türkiye, Russia, the Middle East, North Africa, Central Asia and Caucasus, in addition to being Board Member at Unilever Türkiye. During this period, she took part in Global Executive Projects in the Sustainability and Diversity Development Group of the Company. In 2019, she was appointed General Manager of Unilever Iran, Caucasus and Central Asia Region, and continued her duty as Board Member for Unilever Türkiye, Iran, Caucasus, and Central Asia.

As of January 2022, Kamuran Uçar left her position at Unilever in order to start her own business in the field of technology. Ms. Uçar currently serves as Founder & CEO of her own company. She is also a Member of the Advisory Board of the Advertisers Association; Dream Partner of Young Guru Academy, a non-governmental organization; and works as Investor-Mentor in various start-ups. Kamuran Uçar is married and has 2 children.





Board of Directors Committees

CORPORATE GOVERNANCE COMMITTEE

Chairperson

Kamuran Uçar
Independent Board Member

Members

Guntram Würzburg
Board Member

Hakan Timur*
Board Member

Pinar Saatcıoğlu*
Not Board Member

Activities of the Corporate Governance Committee are discussed in the Corporate Governance Section.

Corporate Governance Committee Charter

AUDIT COMMITTEE

Chairperson

Fatma Dilek Yardım
Independent Board Member

Member

Kamuran Uçar
Independent Board Member

Activities of the Audit Committee are discussed in the Corporate Governance Section.

Audit Committee Charter

EARLY RISK DETECTION COMMITTEE

Chairperson

Fatma Dilek Yardım
Independent Board Member

Members

Kamuran Uçar
Independent Board Member

Nusret Orhun Köstem
Board Member

Thorsten Lott
Board Member

Activities of the Early Risk Detection Committee are discussed in the Corporate Governance Section.

Early Risk Detection Committee Charter

Executive Management



Murat Pinar
CEO

Murat Pinar graduated as an Electrical and Electronics Engineer from Karadeniz Technical University, and received his MBA degree from London School of Commerce & University of Wales.

Mr. Pinar, who debuted his professional career in Siemens in 1998, worked at Nokia NSN through 2005 to 2010, where he assumed Field Operations Manager and Program Director roles in Telecommunications, Fiber Optics, Infrastructure, Construction and Integration processes, in 13 different countries. He joined Enerjisa in 2010, and until 2015 held various senior managerial roles within Enerjisa distribution companies - Başkent, Ayedaş and Toroslar - operating in 14 cities and serving over 9 million customers and a population of 21 million. Mr. Pinar assumed responsibilities related to operational excellence efforts, progression of business models, development of sector dynamics, and formulation of investment programmes, making notable contributions to the integration, growth and development phases of Enerjisa distribution companies.

Mr. Pinar was appointed General Manager of Enerjisa distribution companies in 2015; and as President of Enerjisa Enerji Distribution Business Unit in 2016. He serves as Enerjisa Enerji CEO since November 1, 2019. Mr. Pinar also serves as Board Member at the Association of Electricity Distribution System Operators (ELDER), and as Chairman of e-Mobility Operators Association (E-MOD) and of EUROGIA.



Dr. Michael Moser
CFO

Dr. Michael Moser has successfully received seven international university degrees in law and business economics, including a Ph.D.in international energy law, legal state exams, degree in business economics, MBA, Master of Laws and general management, in Germany, the USA, the UK, Switzerland and China. He studied, inter alia, at Harvard Business School and London Business School.

After starting his professional career at a private equity company and later on as a Lawyer at Baker McKenzie Frankfurt and London in 2005, Dr. Moser joined E.ON SE in 2008. He first steered all worldwide transactions of E.ON as Global Legal M&A Vice President, and was subsequently appointed as Chief Development Officer at the listed company Eneva S.A.in Brazil (2013-2015). Dr. Moser later managed the spin-off and listing of Uniper SE, and became Chief Audit Officer at E.ON SE.

Dr. Moser was appointed Chief Financial Officer of the global business area New Customer Solutions at E.ON, responsible for 8 countries (the UK, Sweden, Germany, Italy, France, Hungary, Czech Republic and Romania). Since July 2019, Dr. Moser serves as CFO of Enerjisa Enerji.

* According to our Board of Directors Decision dated 15 March 2023, it has been decided to appoint Ms. Yeşim Özlale Önen as Corporate Governance Committee Member in lieu of Mr. Hakan Timur, who has resigned from his duty as a Board Member.
** Effective as of December 28, 2022, it was decided to appoint Pinar Saatcıoğlu as Member of the Corporate Governance Committee, replacing Sabriye Gözde Çullas.



Message from the CEO

We touch the lives of a quarter of the population of Türkiye, as we provide electricity to more than 22 million people in three regions and 14 cities.

Dear Stakeholders,

We are deeply saddened by the devastating earthquakes on February 6, 2023. In this catastrophe, we extend our condolences to 16 of our employees and all people who lost their lives, while wishing a fast recovery for the people who are injured. Since the very first day of this tragic disaster, we work relentlessly and cooperatively to heal our wounds and recover. We will continue to work until the end of recovery period.

The many global economic hardships, first and foremost an energy crisis of historical scale, defined 2022. Hence, decisive and effective steering in such turbulent times was more relevant than ever before. With all the challenges that we faced in the last year, we were able to remain resilient, ensuring the prosperous continuity of our business lines, while working on new ones. These global crises, changes and challenges also continue to bring about new opportunities for us to pursue as the world is shaped by the energy transformation.

In our electricity distribution and retail business lines, we remain to be the sector standard. We touch the lives of a quarter of the population of Türkiye, as we provide electricity to more than 22 million people in three regions and 14 cities. With a responsible public service approach, our grid investments continued in 2022 to provide uninterrupted energy to customers and increase our network quality. Our realized distribution CAPEX increased by 59% in 2022.

The Russian-Ukrainian war and post-COVID era was defined by a turmoil in the global energy landscape of 2022. Facing sky-high energy prices, volatile markets and uncertainty, our retail business demonstrated an operational earnings growth of 174%, year on year. We continued to ensure operational excellence in electricity sales, showcasing a successful performance in fulfilling the commitments to our customers.

Our Customer Solutions segment created a sustainable and service-based business model through energy performance contracts (EPCs) and reached a capacity of 24 MWs. With solar installations of 4.2 MWs on Galatasaray NEF Stadium, Enerjisa Enerji broke a Guinness World Record, proving its status as a global trendsetter. Driving the energy transformation in Türkiye, we provided energy efficiency services through more than 40 LED and process efficiency projects.

Having acquired a 94% stake in Eşarj, we continue to develop our e-Mobility business as the trailblazer in this fast-growing ecosystem. Having won the national charging tender of the Ministry of Industry and Technology for 495 fast charging units in the key regions, Eşarj increased its number of charging plugs by 60% compared to the previous year, reaching 788 plugs in 2022.

Our digital capabilities remain more important than ever before as we continue our digital transformation journey with impactful projects for our employees, customers and environment. Through blockchain technology, we are certifying the green energy consumption of our customers. With user friendly business applications on mobile, we are improving the employee experience in Enerjisa Enerji.

With innovation and entrepreneurship an integral part of our culture, we are investing in an ever-developing ecosystem. Our new agreement with Plug and Play, a global innovation platform enables extensive knowledge transfer within this ecosystem, while as a partner of Big Bang Start-Up Challenge of İTÜ Çekirdek, we continue to introduce startups to the business world. IVME, our startup acceleration program focusing on the energy sector concluded its 3rd round, as our in-house corporate entrepreneurship and innovation program NAR marked its 8th iteration.

As Enerjisa Enerji, we take a comprehensive approach to sustainability and continue to integrate our sustainability framework to our business model. In 2022, our rating for CDP Climate Change and Water Security, one of the largest environmental reporting platforms, was scored as 'B'.

This year, we established the Diversity Equity and Inclusion Committee as a part of our commitment to gender equality and human rights. We collaborated with Ministry of National Education in our 14 distribution areas in the Mobile Training Centre Project, a vocational training initiative to introduce engineers and technician candidates to the electricity distribution sector. Through "I am Protecting the Energy of the World" project and the voluntary engagement of our employees, we reached over 300 thousand students to create an awareness about energy saving.

We continued to enact our vision for the "adaption to the future of work" this year, as

With innovation and entrepreneurship an integral part of our culture, we are investing in an ever-developing ecosystem.

we realized new initiatives. With Strategic Workforce Planning Project, we aim to uncover talent gaps with long term horizon, strategic perspective and directional estimations for the future of Enerjisa Enerji.

Our sector is, by its nature, in a state of constant flux. The importance of adapting to the ever-changing energy landscape become clearer by time. New technologies and opportunities will feed into our core business, unlocking further success and priming us to expand to reach out to new initiatives. Modernization of our grid, developing our muscles in distributed generation & energy storage systems and becoming the leader of e-Mobility as the top energy solutions provider of Türkiye, are our new strategic targets. With this purpose, we have redefined strategy of Enerjisa "to be the leading provider of new energy solutions and the facilitator of the energy transition".

As we remain the benchmark organization, we continue to maintain our standards and pursue the opportunities arising from many challenges we face. I have full faith, that we will continue to walk towards a brighter future together with our customers and almost 12,000 employees.

I would like to extend my sincerest gratitude to our shareholders, customers, partners and employees for their support in our path towards a sustainable tomorrow.

Best Regards,

Murat Pinar
CEO





Message from the CFO

Thanks to our sound business model, strong risk management and most importantly our highly engaged employees, we delivered strong financial, operational and ESG performance in 2022.

Dear Stakeholders,

On February 6, 2023, we all woke up to the terrible news regarding the fatal earthquakes that stroke the southeast provinces of Türkiye. Within the impacted 11 provinces, also lies our Toroslar region which includes the cities of Hatay, Gaziantep, Adana, Kilis and Osmaniye. Enerjisa Enerji acted, from the very first hour, with active response management tactics in order to search, rescue and safeguard peoples' lives. With 4.3 million customers in the Toroslar region, Enerjisa reinstated energy in all critical locations quickly and restored energy supply to the majority of the effected households within days. Enerjisa has, and will continue to be a focal cornerstone of the Toroslar community, and thus stands behind its employees, customers and other stakeholders to do all in its power to provide support, energy and aid during these difficult times.

With a sad and mourning heart, I also want to mention and honour the 16 of our own employees who lost their lives. Our thoughts, support and continuous efforts are with them and their families, as well as the thousand others deceased or injured in these dreadful catastrophes.

2022 was yet again an eventful year. While most nations were still navigating through the post Covid-19 era defined by inflationary pressures and continued supply chain disruptions, the global tensions took new heights with the Russian invasion into

Ukraine on the February 24, 2022. Besides the humanity consequences impacting millions of people, the related effects prompted an increase in energy prices never witnessed before in Central Europe.

In Türkiye, energy prices more than quadrupled, as the Average Market Clearing Price (MCP) for the electricity spot market increased by 394% to 2,510.7 TL/MWh in 2022, compared to the previous year. Most retail and distribution companies, like Enerjisa Enerji, were heavily impacted by the increasing procurement costs. However, the Turkish energy sector demonstrated yet again its resilient framework, as supportive energy market measures were launched in close collaboration and support with the energy regulator, Energy Market Regulatory Authority (EMRA), to compensate for the increasing costs and working capital expenditures.

Annual inflation rates in Türkiye rose from 36% at the end of 2021 to 64% at the end of 2022. The foreign exchange rate, increased by 40% annually, closing the year with USD/ TL rate of 18.7. The liquidity of available funds from banks was considerably limited in 2022, after the introduction of several new financial market regulations.

Despite these uncertainties and bottlenecks, we successfully executed our strategy. Thanks to our sound business model, strong risk management and most importantly our highly engaged employees, we delivered strong financial, operational and ESG performance in 2022.

Enerjisa Enerji fully funded its financial needs to execute its investment requirements and withstand with the increasing energy costs. This included a total of TL 3 billion bond issuance on October 21, 2022, in addition to several loan transactions. This strategy was continued in January 2023, as Enerjisa issued a new bond of TL 2.5 billion in addition to a new green financing agreement signed with the European Bank for Reconstruction and Development (EBRD) to utilize a USD 110 million equivalent Turkish Lira loan. The bond issued in January is the highest volume issuance realized in a single tranche in Türkiye.

2022 marked the second year in the 4th regulatory period that lasts until 2025. In 2022, we continued to expand our grid infrastructure. We invested TL 4.5 billion in our power distribution grids and increased our regulated asset base with 77% to TL 19.9 billion. Our underlying net income increased by 85% year-over-year to TL 4,461 million. Meanwhile, our balance sheet strengthened further and our net financial debt to operational earnings ratio declined from 1.2x in 2021 to 0.7x in 2022. Our balance sheet provides us flexibility to sustain our investments even at the time of heightened uncertainty across the markets.

Despite the challenges that characterized the last year, Enerjisa Enerji did not ease its focus on the prevailing climate risk and need for more sustainable energy. We are steering all of our activities with full awareness of the severity of the climate crisis and the necessity to live up to the

responsibility of addressing this existential challenge. Accordingly, we are working in building out the New Energy World, the new energy landscape emerging that provides us with cleaner, smarter, more sustainable and digital way of living and meeting our energy needs wherever and whenever it is needed.

We are accelerating the speed in growing our Customer solutions business and closed the year with many new projects as well as an increased sales pipeline for future growth. In the global spotlight was our solar power plant installed on the roof of the Galatasaray stadium, which set a new Guinness World Records for the most powerful solar output from a sport stadium. The over 10 thousand solar panels, which will generate 100% renewable and clean energy, will prevent the emission of approximately 3,250 tons of CO₂ every year, the equivalent climate protection of 200 thousand trees in its 25 years expected life time.

Our largest segment is still the operations around our distribution grids, which have the most vital role in the transformation towards green sustainable energy; as the smart, integrated distribution grids are the prerequisite for a sustainable energy world and without it wind and solar power plants cannot be transported to the customers. Our large investments in new connections and modernizing the grids, are thus accelerating the energy transformation. We will continue to carry out significant grid investments also in the future, as we are dedicated to and invest in a better future for all.

We are proud to demonstrate concrete progress towards our sustainability goals, and had our strong B rating reiterated for Climate Change and Water Security by the CDP (Carbon Disclosure Project), the world's largest environmental reporting platform. In November of 2022, Enerjisa Enerji was also listed in the BIST Sustainability 25 Index,

further solidifying its position as one of the most sustainable companies in Türkiye. In 2023, our company was further recognized for its ESGC practices as it was included in the Bloomberg Gender Equality Index (GEI), where Enerjisa Enerji constitute as one of only 12 companies from Türkiye.

Our Board of Directors proposed a dividend of 2.30 TL per share to the AGM as per our commitment to provide sustainable dividend. This marks an 85% increase compared to last year and a 60.9% pay-out ratio.

I am confident in the outlook for Enerjisa Enerji, and believe the company is well positioned to accelerate its growth prospects and continue to deliver sustainable value to all its customers, employees and shareholders.

I extend my gratitude to all our stakeholders for their vital contribution and look forward to continue the journey towards building the New Energy World.

Dr. Michael Moser
CFO





STRATEGY

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54 STRATEGIC PRIORITIES



Turkish Electricity Market

GENERATION CAPACITY

Turkish Electricity Market underwent major changes over the past 21 years, owing to which it generated substantial growth. Total installed capacity increased from 28 GW in 2001 to 103.8 in 2022, on the back of developments including the introduction of renewable technologies, liberalization of markets, and privatizations, in tandem with the implementation of effective regulations and new legislations. This increase in total installed capacity also paved the way for rapid growth in other industries, becoming one of the important drivers of Türkiye's strong GDP performance over the past 21-year period.

RENEWABLE ENERGY INSTALLED CAPACITY

Türkiye is undergoing a successful energy transformation process, upholding supply security in electricity generation and the reduction of foreign dependency as its principal goals. In line with the country's

energy policies, the growth recorded in installed capacity continued in 2022 as well, with total generation capacity having reached 103.8 GW, including the 2.4 GW capacity commissioned during the year. Production facilities based on renewable sources, in particular, contributed significantly to this growth. The share of power plants generating electricity from renewable energy sources within installed power, increased from 33% in 2005 to 54% in 2022.

Renewable Energy Support Mechanism (YEKDEM/FIT) played a significant role in this increase. 2020, when the new incentive mechanism for renewable generation facilities was announced, marked a pivotal year for renewable sources. Incentives for renewable sources commissioned after June 30, 2021, were determined in TL; and the incentive amounts were reduced, concomitant with the decrease in the investment costs of renewables.

In 2021, approximately 0.8 GW, 0.7 GW, and 1.6 GW installed capacities from hydroelectric power plants (HEPP), wind power plants (WPP), and solar power plants, were commissioned respectively.

SUPPLY & DEMAND BALANCE AND PROCUREMENT COSTS

In 2022, total gross electricity demand in Türkiye decreased by 1.2% from a year ago to 329.1 TWh. Demand growth, which was consistent with Türkiye's GDP growth in the first half of the year, diverged negatively in the second half of the year.

Commodity prices increased due to geopolitical tensions continued to rise with the Russia-Ukraine war. Marginal costs increased by 240% increase in imported coal prices (API2), 250% increase in natural gas prices (TTF) and 187% increase in dollar rate, increased the number of hours touching the market limits.

Higher commodity prices on a global scale impacted Türkiye as well. Average Market Clearing Price (MCP) increased by 394% to 2,510.7 TL/MWh in 2022, compared to the previous year. Especially in the first 11 months of 2022, market price was stuck at the maximum limit in 2,001 hours (22.8%) out of a total of 8,760, proving that the maximum limit did not reflect market conditions.

Until April 2022, the maximum price limit, not to exceed 2,000 TL/MWh, applied retrospectively as 3 times the average of market clearing prices formed in a certain period, was cancelled with the amendment made in the Procedures and Principles Regarding the Determination of Minimum and Maximum Price Limits in the Day-Ahead Market and Balancing Power Market. Instead of this, the maximum price limits began to be determined by EMRA.

The maximum price limit for Day-Ahead Market and Balancing Power Market was determined as 2,500 TL/MWh in April, increased to 2,750 TL/MWh in May; 3,200 TL/MWh in June; 3,750 TL/MWh in July, and 4,000 TL/MWh in August. As of September, it was increased to 4,800 TL/MWh and remained at this level until the end of the year.

MACROECONOMIC DEVELOPMENTS

Growth: Growth was robust in the first half of 2022, yet leading indicators for the second half of the year point to a loss of momentum in growth, weighed down by waning foreign demand. In the third quarter of 2022, gross domestic product increased by 3.9% compared to the same quarter a year ago. In this period, the decline in foreign demand due to the slowdown in global growth tends to limit the contribution of net exports to growth. Industrial production, having increased by 1.8% and 0.8% on a quarterly basis in the first two quarters, decreased by 4.1% in the third quarter. The retreat in industrial production evidenced in the quarter was a common occurrence across the manufacturing industry, excluding vehicles.

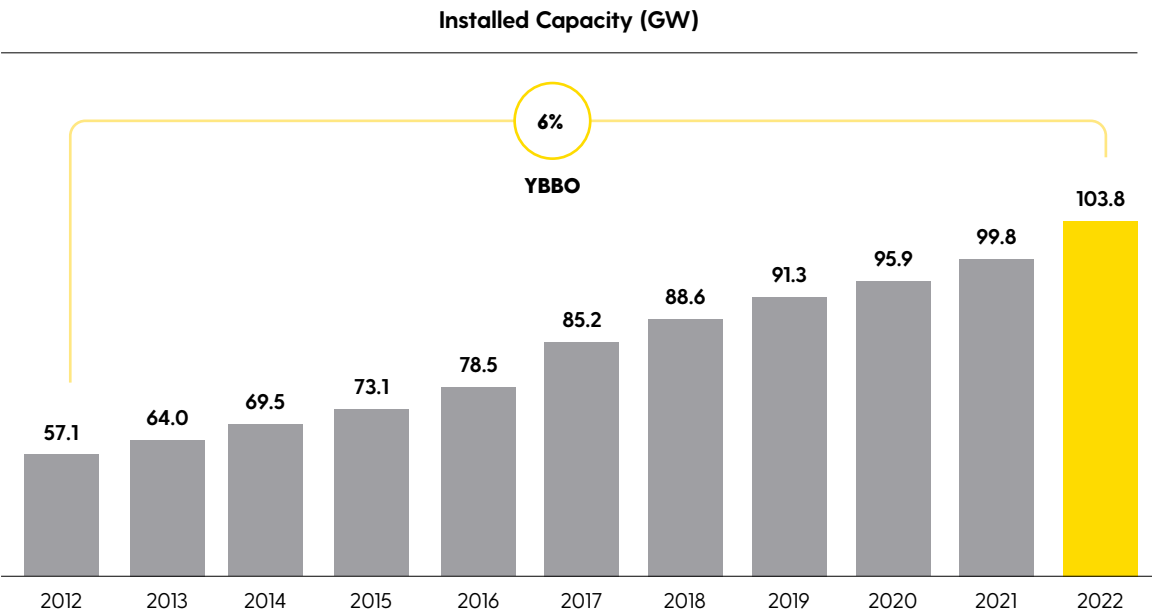
Inflation: Inflation in Türkiye rose from 36.08% at the end of 2021 to 64.27% at the end of 2022. The rise in inflation is attributable to the lagged and indirect effects of the rise in energy costs spurred by geopolitical developments; the effects

of pricing not supported by economic fundamentals; and strong negative supply shocks caused by increases in global energy, food and agricultural commodity prices.

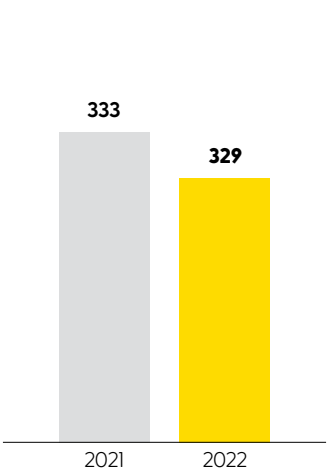
Interest Rate: 2-year Turkish government bond rates decreased from 22.8% as of year-end 2021 to around 8% as of year-end 2022. On the other hand, the policy rate eased from 14% as of year-end 2021 to 9% as of year-end 2022.

FX: In 2022, TL/USD exchange rate increased by 40% annually, closing the year at 18.7.

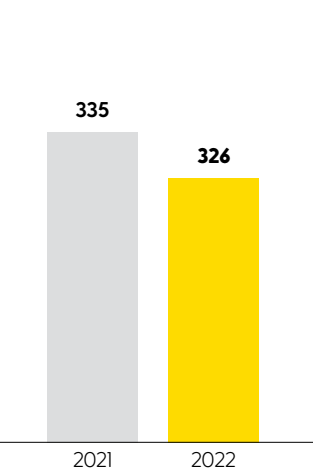
END USER SALES TARIFF
In order to cover the operation and maintenance costs of the existing electricity system, and encourage investments in new and improved generation and network infrastructure, end consumer electricity bills include the following components:



Gross Electricity Demand (TWh)



Gross Electricity Generation (TWh)



Turkish Electricity Market



Retail Energy Sales Tariff

is comprised of;

- Energy procurement costs,
- Net profit margin determined as 2.38% on procurement costs for the fourth regulatory period, and
- Other costs of providing retail service.

Distribution Tariff: A reasonable return on investment expenditures and investment expenditures necessary for the execution of the distribution activity are determined by considering all costs and services within the scope of execution of distribution activity such as; system operating cost, technical and non-technical loss cost, disconnection-connection service cost, meter reading cost, reactive energy cost and amounts paid within the scope of transmission tariff.

Other Costs: Include costs such as power cost, overpower cost and reactive energy cost. These costs can be differentiated according to the connection status, consumption amount and purpose of use.

Taxes: Comprise taxes such as VAT and Electricity Consumption Tax. Energy Fund Fee and TRT share application were abolished as of 2022. Effective as of March

1, 2022, VAT rate was scaled back from 18% to 8% for all Residential and Agricultural Irrigation subscriber groups.

Retail Electricity Sales Tariff is set by EMRA.

REGULATED ELECTRICITY TARIFFS

Developments in 2022

Q1 2022: EMRA announced that single-time retail sales tariff, reflected to the end user on a customer group basis in the national tariff, was increased by 68%-184%, and distribution tariff component by 24%, effective as of January 1, 2022. The increase in the final tariff applicable to the end user amounted to 50%-129%.

As of January 1, 2022, a graded tariff system was introduced for Residential Low Voltage (LV) subscriber group. The graded tariff is applied as Tier-1 (Low Consumption Tier) for customers at or below the determined daily average consumption limit, and Tier-2 (High Consumption Tier) for customers with consumption above the limit in question. For Residential LV subscriber group, the graded

tariff consumption limit was determined as 5 kWh per day on average as of January 1, 2022; 7 kWh per day on average as of February 1, 2022; and 8 kWh per day on average as of March 1, 2022.

As of March 1, 2022, on the other hand, a graded tariff system was introduced for Commercial Low Voltage (LV) subscriber group. For Commercial LV subscriber group, the graded tariff consumption limit was determined as 30 kWh per day on average as of March 1, 2022, and low-tier single-time retail sales tariff was decreased by 29%.

Q2 2022: EMRA announced that single-time retail sales tariff, reflected to the end user on a customer group basis in the national tariff, was decreased by 0.2%-1.2%, excluding the Industry subscriber group, effective as of April 1, 2022. For the Industry subscriber group, on the other hand, single-time retail sales tariff was raised by 23%-33%. Distribution tariff component was scaled

up by 1.7%. While the final tariff reflected to the end user was upped by 20%-33% for the Industry subscriber group, those of other subscriber groups were unchanged.

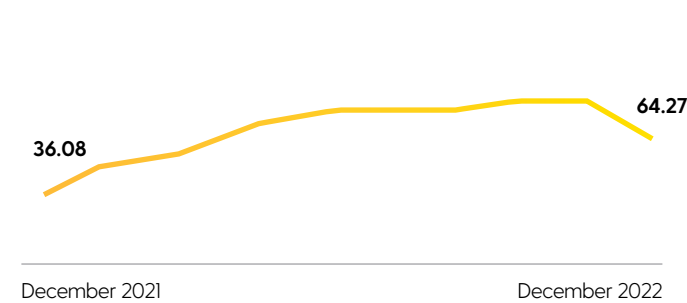
According to the announcement by EMRA, effective as of June 1, 2022, single-time retail sales tariff, reflected to the end user on a customer group basis in the national tariff, was raised by 17%-31%, while the distribution tariff component was unchanged. The final tariff reflected to the end user was scaled up by 15%-25%.

Q3 2022: EMRA disclosed that single-time retail sales tariff, reflected to the end user on a customer group basis in the national tariff, was increased by 23%-55% effective as of September 1, 2022, while the distribution tariff component was unchanged. The final tariff reflected to the end user was upped by 20%-51%.

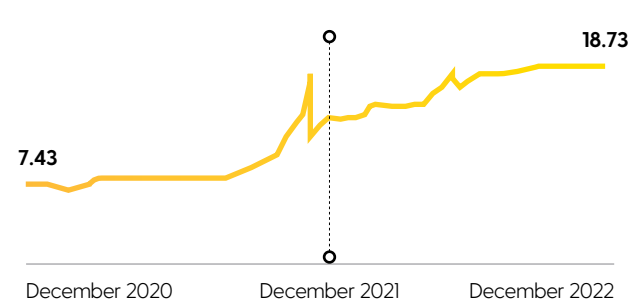
Q4 2022: Electricity tariffs were not revised in Q4.

Information regarding changes in Regulated Electricity Tariffs in 2022 is provided in the Legal Developments section.

Inflation (%)

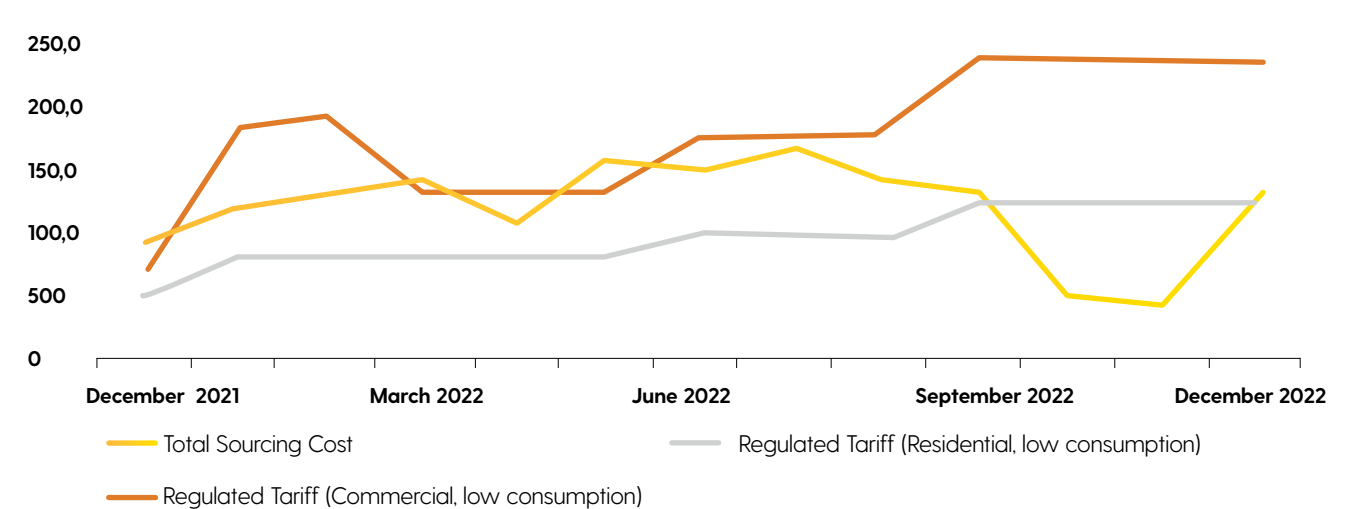


2021 & 2022 FX Rate Development



TL/kWh

Regulatory Electricity Tariffs





Strategic Priorities

Operating in electricity distribution, retail, and customer solutions, Enerjisa Enerji assumes a pioneering role for the New Energy World with its sustainable energy solutions.

As the leading energy company in Türkiye, Enerjisa focuses on electricity distribution, retail, and customer solutions, in addition to rendering public services. Building the needed energy infrastructure in Türkiye based on adherence to sustainability and customer requirements, the Company upholds excellence in its customer interactions and investment activities.

Enerjisa Enerji continues to expand its high-quality grids at its distribution regions; to broaden its retail operations across the whole country; and to deliver innovative and energy efficient solutions to its customers. Aiming for profitable growth and value creation for its shareholders, the Company is cognizant of its responsibility to society, and demonstrates commitment to acting as a role model in the industry.

Enerjisa Enerji develops its long-term strategies with a sustainable and holistic approach, into which it integrates Environmental, Social and Governance (ESG) factors.

Enerjisa Enerji builds its positioning and outlook based on its core capabilities, including its value proposition to its stakeholders, as well as the external trends changing the way people will need and use energy in the future. Closely monitoring external developments, the Company continuously reviews its strategy, which it predicates on global mega trends to impact the energy sector in the decades to come.

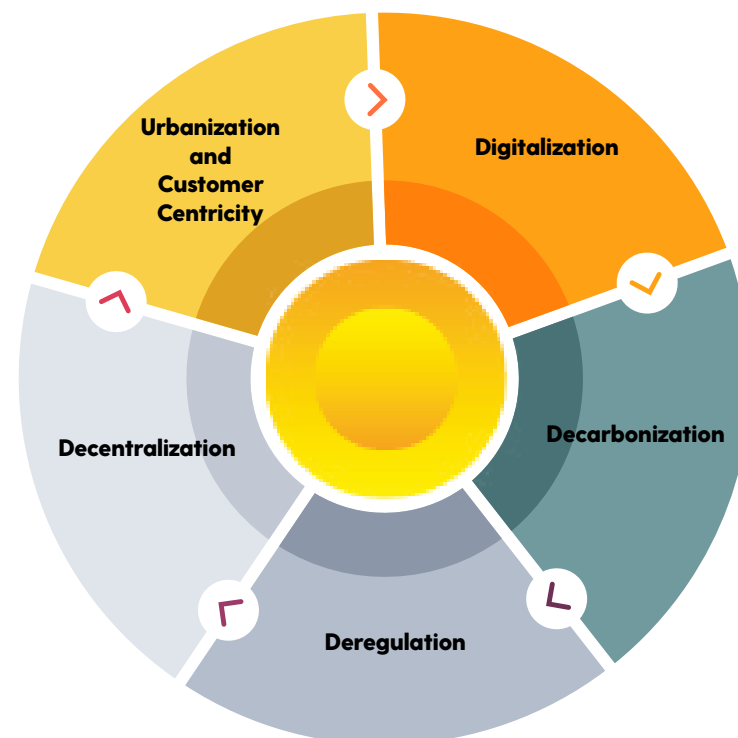
The five global mega trends that are the cornerstones of the Company's strategy and future perspective are, Digitalization, Decarbonization, Deregulation, Decentralization, Urbanization, and Customer Centricity.

Enerjisa Enerji visualizes a new energy world where the customer, acting both as energy consumer and producer, plays a more central role within the energy cycle, and utilizes only those energy sources generated from the resources of the earth. In this new energy world, described in greater detail below, citizens

and companies interact with energy in a more digital, decentralized, and deregulated manner. Enerjisa Enerji is committed to asserting itself as the accelerator of this new energy transformation, in order to leave behind a sustainable world for generations to come.

Enerjisa Enerji supports legislative changes and explores new opportunities in the sector. Hence, the Company prepares itself for these fundamental changes in question, and with its sustainable energy solutions, assumes a pioneering role for the New Energy World.

MEGA TRENDS



THE NEW ENERGY WORLD

The New Energy World is the world we will be living in once we possess fully sustainable energy systems, smart infrastructure, and digitally interconnected technologies, where energy is produced in a cyclical manner.

In this world, customers are at the center of the energy system, rather than being the final point in the distribution network. Customers can produce energy themselves decentrally; share it within their communities; or store it for their own future needs through advanced storage capabilities. Given the developed grid infrastructure of the New Energy World, customers can also opt to sell back the energy to the grid, and thus rein in their energy costs.

The New Energy World will alter our mode of interaction with energy, not only on an individual basis, but also as we use energy within and between our homes. Energy will be flexibly managed, and interlinked with our appliances, cars, and storage units, to digitally optimize our use and energy loads.

This transformation, already in the making around us, will pick up impetus once a greater number of individual consumers and companies assume an active stance in distancing themselves from the conventional energy world.

In its essence, the New Energy World is a world that provides us with a cleaner, smarter, more sustainable, and digital mode of living, and enables us to meet our energy needs, wherever and whenever they may arise.





Strategic Priorities

Enerjisa Enerji is committed to asserting itself as the accelerator of the new energy transformation, in order to leave behind a sustainable world for generations to come.

To achieve its goals and prepare for the future, Enerjisa Enerji has set the following five key strategic priorities:

1. "FOCUS" ON CORE BUSINESS LINES
<div>• Maximize value creation in core business lines</div>
<div>With strong growth fundamentals and a favorable position in an expanding market, Enerjisa Enerji will leverage its experience and expertise to continue growth in distribution and retail business lines:</div> <div><div>a. Expand the grid network in its distribution regions by seizing organic growth opportunities</div><div>b. Improve the quality of the grid and operations, focusing on operational excellence and digitalization,</div><div>c. Enlarge the retail customer base through agile operations characterized by excellence in service quality, and swift adaptability to changing market conditions</div><div>d. Work with all stakeholders, including regulatory authorities, to ensure consistency between execution and the regulatory framework of the relevant period; be a strong stakeholder to regulatory agencies</div></div>
2. "EXPLORE" OPPORTUNITIES INHERENT IN ADJACENCIES
<div>• Deliver the customer solutions services of tomorrow</div>
<div>Enerjisa Enerji ponders growth options in adjacencies with a 360-degree perspective:</div> <div><div>a. Leverage broad customer base for market access, and be prepared to address changing customer demands</div><div>b. Attain growth through unique business models in areas affording a competitive edge, most notably in rooftop solar panels and energy efficiency products within the purview of "Energy of My Business" portfolio, which overlaps with market trends</div><div>c. Expand e-Mobility solutions in order to build sustainable transportation infrastructure</div></div>
3. PREPARE FOR THE "FUTURE"
<div>• Invest in the future</div>
<div>Cognizant of the mega trends that influence its sector, Enerjisa Enerji prepares itself for the New Energy World:</div> <div><div>a. Tap into the start-up ecosystem to add critical capabilities and provide solutions to get ready for the New Energy World</div><div>b. Hone in on organic and inorganic opportunities in growth areas of the future, such as e-Mobility,, smart cities, energy storage, and innovative grid solutions</div><div>c. Prepare for future data monetization and new technologies</div></div>

4. ENHANCE THE "ECOSYSTEM"
<div>• Collectively transform the energy landscape</div>
<div>Enerjisa Enerji espouses a reliable partnership approach, consistent with the needs and expectations of key stakeholders, namely the state, local governments, general public, customers, business partners, shareholders, contractors, investors and employees);</div> <div><div>a. Capitalize on common interests between the business and stakeholders, and develop the ecosystem by leveraging versatile technologies and partnership possibilities to yield a better future.</div><div>b. Be a reliable partner for local governments</div><div>c. Work together, win together</div></div>
5. "PERFORMANCE CULTURE"
<div>• Be an efficient operator and energy solutions provider</div>
<div>Enerjisa Enerji maximizes its efficiency by learning from its experiences, measuring its performance and underscoring flexibility:</div> <div><div>a. Encourage business excellence</div><div>b. Ensure strong performance management</div><div>c. Create a performance-driven, constructive, and productive organizational climate</div></div>



FINANCIAL DEVELOPMENTS

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Distribution – Financial Developments

Distribution Income Statement

(TL million)	2021	2022	Change (%)
Sales Revenue	12,677	24,872	96
Financial income	2,951	6,226	111
Distribution revenue	4,933	9,181	86
Pass-through transmission revenue	1,537	2,074	35
Lighting sales revenue	432	2,879	566
Investment revenue	2,800	4,452	59
Other	24	60	150
Cost of Sales	-5,550	-11,064	99
Energy purchases (Lighting, T&L)	-1,566	-3,724	138
Investment costs	-2,447	-5,263	115
Pass-through transmission cost	-1,537	-2,074	35
Other	0	-3	n.m.
Gross Profit	7,127	13,808	94
OPEX	-2,613	-6,313	142
Other Income/(Expense)	-343	-380	11
Operating profit before finance income/(expense)	4,171	7,115	71
Adjustment of depreciation and amortization	198	268	35
Adjustments related to operational fx gains and losses	231	186	-19
Adjustments related to interest income related to tariff receivables	-56	-217	288
EBITDA	4,544	7,352	62
CAPEX Reimbursements	2,101	4,119	96
EBITDA+CAPEX Reimbursements	6,645	11,471	73
Non-recurring (income)/expense	-94	1,058	n.m.
Operational Earnings	6,551	12,529	91

DISTRIBUTION - OPERATIONAL EARNINGS

Distribution business unit's operational earnings accounted for 83% of Enerjisa Enerji's operational earnings in 2022. The main differences in the operational earnings of the Distribution business unit in 2022 compared to 2021 are mainly due to:

- **Financial Income:** Financial income increased by 111% annually reaching TL 6,226 million.
- **CAPEX Reimbursements:** Capex reimbursements increased by 96% from TL 2,101 million in 2021 to TL 4,119 million in 2022 mainly due to higher inflation.
- **Efficiency & Quality Earnings:** Total efficiency & quality earnings increased by 24% and reached TL 1,292 million in 2022.

The main factor behind the increase was higher quality bonus related earnings and better theft & loss related performance.

- **Tax Correction:** Tax Correction increased from TL 283 million in 2021 to TL 482 million in 2022 mainly due to inflation impact.
- **Other Items:** Other item was realized as TL 410 million (2021: TL 171 million) and mostly driven by Mark to Market gains of FX hedges.

DISTRIBUTION – FREE CASH FLOW BEFORE INTEREST AND TAX

In the distribution business unit, operating cash flow before interest and tax decreased by 15% in 2022 and was realized at TL 5,618 million. The main reason for this decrease

is the temporary working capital effect resulting from the low inflation forecast by the regulator in the calculation of the service income ceiling in the distribution business line. This temporary difference will be corrected with the tariff after 2 years and will reflect positively on the cash flow.

With the increase in CAPEX, the cash effective CAPEX investments increased to TL 5,600 million in 2022, registering 64% increase. As a result, free cash flow before interest and tax for the distribution business unit decreased from TL 3,179 million in 2021 to TL 18 million in 2022.

Distribution business unit's operational earnings accounted for 83% of Enerjisa Enerji's operational earnings in 2022.

Distribution Operational Earnings

(TL million)	2021	2022	Change (%)
Financial Income	2,951	6,226	111
Capex reimbursements	2,101	4,119	96
Efficiency & Quality	1,045	1,292	24
Tax correction	283	482	70
Other	171	410	140
Operational Earnings	6,551	12,529	91

Distribution Free Cash Flow Before Interest and Tax

(TL million)	2021	2022	Change (%)
Operational Earnings	6,551	12,529	91
Financial income not yet cash-effective	-1,050	-3,717	254
Capex outperformance	-295	811	n.m.
Net working capital and other	1,381	-4,005	n.m.
Operating Cash Flow (before interest & tax)	6,587	5,618	-15
Actual allowed Capex	-2,800	-4,452	59
Capex outperformance	295	-811	n.m.
VAT paid	-451	-947	110
Unpaid and previous year Capex	-452	610	n.m.
Cash-effective Capex	-3,408	-5,600	64
Free Cash Flow (before interest & tax)	3,179	18	-99



Retail & Customer Solutions - Financial Developments

The contribution of the Retail business unit in operational earnings increased by 4 percentage points annually to 17% in 2022.

Retail Income Statement

(TL million)	2021	2022	Change (%)
Sales Revenue (net)	20,076	59,343	196
Regulated	12,527	35,575	184
Liberalised	7,549	23,768	215
Cost of Sales (-)	-19,019	-57,477	202
Regulated	-11,542	-32,753	184
Liberalised	-7,477	-24,724	231
Gross Profit	1,057	1,866	77
OPEX	-481	-1,037	116
Other Income/(Expense)	18	702	3800
Operating profit before finance income/(expense)	594	1,531	158
Adjustment of depreciation and amortization	52	78	50
Adjustments related to operational fx gains and losses	22	88	300
Adjustments related to interest income related to tariff receivables	0	-792	n.m.
Adjustments related to valuation difference arising from deposits	306	1,681	449
EBITDA	974	2,586	166
Non-recurring (income) / expense	-12	51	n.m.
Operational earnings	962	2,637	174

RETAIL – OPERATIONAL EARNINGS

The contribution of the Retail business unit in operational earnings increased by 4 percentage points annually to 17% in 2022, driven mainly by the increase in gross profit of the regulated segment. The regulated segment's gross profit increased by 195% and reached TL 2,873 million in 2022 from TL 974 million in 2021 mainly due to the increasing energy prices. Meanwhile, liberalised gross profit increased by TL 813 million to TL 1,002 million due to increasing energy prices and and a low comparison base in 2021.

Regulated segment sales increased by 18% from 23.3 TWh in 2021 to 27.5 TWh in 2022. Meanwhile, liberalised segment's sales were realized as 11.7 TWh in 2022 compared to 12.5 TWh in 2021.

Customer Solutions Income Statement

(TL million)	2021	2022	Change (%)
Revenue	180	234	30
Cost of Sales	-75	-74	-1
Gross Profit (exc. depreciation)	105	160	52
OPEX	-23	-84	265
Doubtful provision expense	-2	-3	50
Other	-45	-64	42
Operational Earnings	35	9	-74

CUSTOMER SOLUTIONS – OPERATIONAL EARNINGS

In the fast-growing Customer solutions segment, all sub segments increased their performance and generated 52% y/y increase in Gross profit. Solar power installed capacity for customers increased by 6% annually. In e-Mobility business line, number of charging plugs increased by 60% reaching 788 in 2022.



Retail & Customer Solutions - Financial Developments

Regulated retail segment's gross profit margin has been realized as 8.1% in 2022.

Retail & Customer Solutions

Operations	2021	2022	Change (%)
Sales volume (TWh)	35.8	39.2	10
Regulated (TWh)	23.3	27.5	18
Liberalised (TWh)	12.5	11.7	-6
Corporate	9.3	10.3	11
Residential & SME	3.2	1.4	-58
Gross profit margin (%)	5.8%	6.6%	15
Regulated (%)	7.8%	8.1%	4
Liberalised (%)	2.2%	4.2%	89
Corporate	0.4%	3.6%	910
Residential & SME	7.9%	5.8%	-26
Other			
Customer number (m)	10.3	10.6	2
Churn rates (%)	0.2%	0.1%	-44
Installed Capacity			
Solar PV Installed Capacity (MWp)	22.6	24.1	6
Combined Heat and Power (MW)	3.8	3.8	0
e-Mobility			
Charging plugs	494	788	60
Public charging locations	263	422	60

RETAIL – FREE CASH FLOW BEFORE INTEREST AND TAX

Free cash flow before interest and tax turned positive in 2022 and reached TL 5,186 million compared to a negative TL 230 million in 2021. The main reason for the significant increase was the introduction of support mechanisms by the regulator to control procurement costs of distribution companies.

Retail Operational Earnings

(TL million)	2021	2022	Change (%)
Regulated gross profit	974	2,873	195
Liberalised gross profit	189	1,002	430
Opex	-427	-959	125
Bad debt related income and expense	154	252	64
Doubtful provision expense	-73	-180	147
Late payment income	166	362	118
Bonus collection	61	70	15
Other	72	-531	n.m.
Operational Earnings	962	2,637	174

Retail Free Cash Flow Before Interest and Tax

(TL million)	2021	2022	Change (%)
Operational Earnings	962	2,637	174
Price equalization effects	-2,029	6,711	n.m.
Net deposit additions	-39	324	n.m.
Delta NWC	913	-4,353	n.m.
Operating Cash Flow (before interest & tax)	-193	5,319	n.m.
Capex	-37	-133	259
Free Cash Flow (before interest & tax)	-230	5,186	n.m.

Customer Solutions Operational Earnings

(TL million)	2021	2022	Change (%)
Revenue	180	234	30
Cost of Sales	-75	-74	-1
Gross Profit (exc. depreciation)	105	160	52
OPEX	-23	-84	265
Doubtful provision expense	-2	-3	50
Other	-45	-64	42
Operational Earnings	35	9	-74



Consolidated Financial Developments

Enerjisa Enerji A.Ş. underlying net income reached TL 4,461 million with 85% annual increase in 2022.

Consolidated Operational Earnings

(TL million)	2021	2022	Change (%)
Operating profit	4,514	8,348	85
Adjustment of depreciation and amortization	473	569	20
Adjustments related to operational fx losses	262	274	5
Adjustments related to deposit valuation expense	306	1,681	449
Adjustments related to interest income related to tariff receivables	-56	-1,009	1702
EBITDA	5,499	9,863	79
Capex reimbursements	2,101	4,119	96
EBITDA + Capex reimbursements	7,600	13,982	84
Non-recurring (income) / expense related to prior fiscal years	-12	51	n.m.
Non-recurring (income) / expense	-94	1,058	n.m.
Operational Earnings	7,494	15,091	101

CONSOLIDATED UNDERLYING NET INCOME

Enerjisa Enerji A.Ş. underlying net income increased by 85% from TL 2,415 million in 2021 to TL 4,461 million in 2022. Below operational earnings line, the main effects were as follows:

- TL 1,762 million higher net loan interest expenses driven by both higher average financial net debt and higher financing cost.
- TL 658 million higher bond interest expense due to higher interest rates and inflation.
- TL 1,375 million higher deposit valuation expenses due to higher inflation and customer deposits.
- TL 860 million higher other financial income mainly due to interest income received for the working capital effects related to tariff receivables.

Consolidated Underlying Net Income

(TL million)	2021	2022	Change (%)
Operating profit before finance income/(expense)	4,514	8,348	85
Financial Income/(Expense)	-1,371	-3,901	185
Profit before tax	3,143	4,447	41
Taxation	-861	10,051	n.m.
Net Income	2,282	14,498	535
Non-recurring income related to previous years	-10	41	n.m.
Non-recurring (income) / expense	-75	846	n.m.
Tax rate change	218	263	21
Impact of asset revaluation	0	-11,187	n.m.
Underlying Net Income	2,415	4,461	85

CONSOLIDATED FREE CASH FLOW AFTER INTEREST AND TAX

Free Cash Flow after Interest and Tax increased from TL 108 million in 2021 to TL 1,557 million in 2022. Thanks to TL 4.2 billion quarterly cash generation in Q4, 2022 was completed with a positive cash flow. The main reason of the strong cash flow is driven by support mechanisms by the regulator to control procurement costs of distribution companies and flexible payment alternatives.

Consolidated Free Cash Flow after Interest and Tax

(TL million)	2021	2022	Change (%)
Cash Flows from Operating Activities (before interest and tax)	6,315	10,646	69
CAPEX	-3,504	-5,833	66
Free cash flow (before interest and tax)	2,811	4,813	71
Tax payments	-1,258	-676	-46
Interest received	112	1,117	897
Interest paid	-1,557	-3,697	137
Free cash flow (after interest and tax)	108	1,557	1342



Consolidated Financial Developments

Net financial debt/operational earnings declined from 1.2x in December 2021 to 0.7x in December 2022 due to strong increase in operational earnings in 2022.

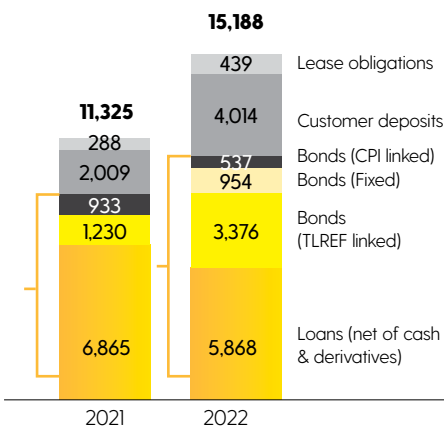
ECONOMIC NET DEBT

The average cost of financing from loans increased from 16% in 2021 to 29.5% in 2022 due to higher inflation and the related developments in the Turkish banking sector.

Meanwhile, in the same period the average cost of bond financing increased from 21.3% to 35.9%. Economic net debt (financial net debt in addition to lease liabilities and customer deposits) increased from TL 11.3 billion in 2021 year-end to TL 15.1 billion in 2022 year-end.

Net Financial Debt/Operational Earnings declined from 1.2x in December 2021 to 0.7x in December 2022 due to strong increase in Operational Earnings in 2022.

Economic Net Debt Composition (TL million)



Economic Net Debt Development (TL million)	
Economic Net Debt (Dec 31, 2021)	11,325
Free cash flow (bIT)	-4,813
Net interest payments	2,580
Tax payments	676
Change in deposits	2,005
Dividend payments	1,465
Other	1,950
Economic Net Debt (Dec 31, 2022)	15,188

2022 COMPANY GUIDANCE AND REALIZATION

2022 Company Guidance

Guidance for 2022 announced on February 18, 2022 via Public Disclosure Platform is as follows:

- Above 30% year-over-year growth in operational earnings
- Above TL 2.0 billion underlying net income

2022 Realization

Enerjisa Enerji achieved financial results well above guidance. Operational earnings increased by 101% y/y and reached TL 15,091 million driven by financial income. Underlying net income increased by 85% y/y and reached TL 4,461 million.

2023 COMPANY GUIDANCE

In accordance with Capital Markets Board's Communique on Material Events numbered II-15.1, article 10, hereby we provide a medium-term guidance for our two main KPIs, namely operational earnings and underlying net income, both in TFRS (Turkish Financial Reporting Standards) as follows:

- 2022-2025 CAGR for operational earnings: 30-40%
- 2022-2025 CAGR for underlying net income: 25-35%

CAGR: Compounded Annual Growth Rate (implied average growth)

FINANCIAL KPIs

Operational earnings refers to EBITDA plus CAPEX reimbursements excluding non-recurring items. Enerjisa Enerji distribution segment is subject to the application of IFRIC12 (an IFRS standard that governs accounting for service concession arrangements). Accordingly, the Company books operating licences and investments in the networks as financial asset. This asset is not subject to depreciation. Accordingly, P&L does not include depreciation and amortization expenses of networks. Similarly, P&L also does not include reimbursement of CAPEX as a revenue item. This means that the Company's EBITDA figure is not comparable to international peers that do not apply IFRIC12 accounting standard. Therefore, management uses Operational Earnings defined above as a KPI for comparability.



Financing

On 30 June 2022 JCR Eurasia Rating affirmed the long term national credit rating of Enerjisa Enerji A.Ş. “AAA” and international credit rating of “BBB+”.

In addition to cash flows obtained from operations, Enerjisa Enerji continued to use external financing to finance its distribution investment expenditures and working capital needs in 2022.

As a result of various resolutions of the Central Bank and the Banking Regulation and Supervision Agency, the maturities of these loans were reduced to limited maturities. With additional resolutions subsequently promulgated, the availability of liquidity from banks was considerably limited. Throughout the period of limited liquidity, financing needs continued to be met mainly through cash flows from operations. Additionally, a new agreement was signed with the European Bank for Reconstruction and Development (EBRD) on January 9, 2023 to utilize a USD 110 million equivalent Turkish Lira loan. With this new loan, it is planned to meet the financing needs of distribution modernization CAPEX, distributed generation and electric vehicle charging stations.

With a view to leveraging all possible financing sources in this environment of limited liquidity, Enerjisa Enerji also completed its bond shelf registration of TL 15 billion on October 21, 2022. After being approved by CMB, Enerjisa Enerji updated the Green Finance Framework* in November 2021, which is the main basis for green green bond financing; and started processes for the relevant Second Party Opinion**. The Company declared, within the scope of the Green Finance Framework, that the funds to be secured through Green Borrowings (such as loans and bond issuances) would be used for Green Projects; and provided relevant information.

Even though Enerjisa Enerji had a limited financing need for the remaining 2022, the market situation did not improve so that in order to be ready for the volatility of 2022 and to meet some of the needs of 2023, a total of TL 3 billion bond issuance on October 21, 2022 (TL 1.5 billion of these

bonds were issued as green bonds) and TL 2.5 billion bond issuance on January 2023 was realized which is also the highest volume issuance realized in a single tranche in Türkiye.

The Fitch Rating Agency affirmed the long-term national credit rating of Enerjisa Enerji A.Ş. “AA+(tur)” on December 16, 2022. The outlook for the Company’s ratings was revised to negative. In addition, on June 30, 2022, Enerjisa Enerji A.Ş. affirmed national credit rating of “AAA (Trk)” with a stable outlook and international credit rating of “BBB+”.

Enerjisa Enerji’s debt portfolio does not incorporate currency risk. As of the end of October 2022, 97% of the bank loans and bonds on the Company’s balance sheet are denominated directly in the Turkish lira. The remaining 3% consists of a foreign currency loan, which is also hedged against foreign currency risk with derivative products. In

addition to bank loans and bonds, there is EUR 32 million in Turkish Electricity Distribution Corporation (TEDAŞ) debt as of the end of October 2022, which is as “other financial debt” in the balance sheet (debt within the scope of the loan agreements made by

TEDAŞ with the European Investment Bank and World Bank, and transferred to the Company upon transfer of operating rights). This amount is fully hedged against foreign currency risk with derivative products.

In 2023, as in 2022, Enerjisa Enerji aims to pursue its financial activities by managing interest, liquidity and exchange rate risks in concert with its operating revenues and long-term strategies.

Issuer	Issue Amount (TL million)	Yield (%)	Issue Date	Maturity Date
Enerjisa Enerji A.Ş.	162	Indexed to the CPI, 5% real coupon	5 April 2018	30 March 2023
Enerjisa Enerji A.Ş.	400	TLREF*+1.40%	23 February 2021	21 February 2023
Enerjisa Enerji A.Ş.	800	TLREF*+1.40%	15 October 2021	13 October 2023
Enerjisa Enerji A.Ş.	900	Fixed, 32%	21 October 2022	24 October 2023
Enerjisa Enerji A.Ş.	1,500	TLREF*+16%	21 October 2022	18 October 2024
Enerjisa Enerji A.Ş.	600	TLREF*+16%	21 October 2022	18 October 2024
Total	4,362			

* <https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa-Green-Finance-Framework.pdf>
** <https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa-Green-Finance-Framework-Second-Party-Opinion.pdf>

* TLREF - Turkish Lira Overnight Reference Rate



A more productive future

Our mission is centered around renewing and strengthening the belief in a better future. We focus on developing leading solutions that meet Türkiye's diverse needs. Since we started on our R&D journey, we have carried out a wide range of projects and invested in many key areas. These efforts are mainly focused on upgrading distribution networks, boosting operational efficiency, developing customer-oriented solutions, implementing smart cities initiatives, and deploying smart grids. With our "Acceleration" initiative, we provide investment funds and create value for projects that will make a difference in the further development of the energy industry.



OPERATIONAL DEVELOPMENTS

76 DISTRIBUTION ACTIVITIES
92 RETAIL ACTIVITIES
124 CUSTOMER SOLUTIONS



Distribution Activities

At the core of Enerjisa Enerji's distribution operations are people, solution and innovation-oriented activities.



Enerjisa Enerji carries out its electricity distribution activities in 3 distribution regions, namely Başkent, AYEDAŞ and Toroslar. In these 3 regions spanning 14 provinces, the Company serves a population of 22 million accounting for approximately 26% of the grid connections in Türkiye.

At the core of Enerjisa Enerji's distribution operations are people, solution and innovation-oriented activities. The Company takes a pioneering role in the distribution sector with its operations aimed at improving the service quality.

As a sector leader, Enerjisa Enerji is one of the top companies in Türkiye in terms of openness for development. The company leads the New Energy World, which is shaped by mega trends, by adapting the most innovative technological applications in the world and in Türkiye to its own system and arranging its processes accordingly.

DISTRIBUTION ACTIVITIES

Distribution is defined as the delivery of electricity to the end user through power lines with a voltage level below 36 kV. Pursuant to "Electric Power Sector Reform and Privatization Strategy Document", the electricity distribution grid in Türkiye is divided into 21 distribution regions. Following the completion of privatizations between 2009 and 2013, all distribution regions started to be operated by private companies.

Each of the regional distribution grid operators is obliged to fulfil the following responsibilities in their region:

- Operation of the distribution grid,
- Making the necessary investments in maintenance, repair, environment, security, renovation and expansion,

- Maintaining and reading electricity meters,
- Preparing demand forecasts and investment plans,
- Monitoring electricity theft-loss rates,
- Purchasing electricity to cover technical and commercial losses,
- Taking necessary technical and operational measures to reduce theft-loss rates,
- Providing illumination in public areas.

Enerjisa Enerji centrally manages and monitors all of its operations in the 3 distribution regions within its operation area, and plans and conducts its operations related to distribution grids.

As part of the distribution grid management processes, the company also engages in expansion and modernization of the distribution grid, increasing the distribution

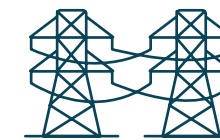
grid's operational efficiency as well as research and development activities. These activities enable the Company in all 3 regions to;

- Standardize distribution grid management processes,
- Create centralized procedures,
- Determine the important performance indicators such as compliance with the technical and commercial standards of EMRA, supply reliability standards and interruption, theft-loss targets,
- Plan system improvements,
- Control and monitor local distribution grids,
- Carry out customer-related activities.



TL 19.9 billion

**RAB (REGULATED
ASSET BASE)**



317,757 km

**DISTRIBUTION
NETWORK
LENGTH**



11.9 million

**NETWORK
CONNECTIONS**



TL 4.5 billion

**INFRASTRUCTURE
INVESTMENTS**



Distribution Activities

In 2022, Enerjisa Enerji distributed 48.50 TWh gross electricity through a 317,757 km long distribution line.

DISTRIBUTION COMPANIES

Enerjisa Enerji carries out its electricity distribution activities in 14 provinces across 3 regions through Başkent Elektrik Dağıtım A.Ş. (Başkent EDAŞ), İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAŞ) and Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAŞ). In 2022, the Company distributed 48.50 TWh gross electricity through a 317,757 km long distribution line.

BAŞKENT ELEKTRİK DAĞITIM A.Ş.

Başkent EDAŞ builds, maintains and operates electricity distribution grids in provinces within the Başkent Electricity Distribution Region. The Company provides access to electricity distribution for 7.7 million people within the distribution region which covers Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak provinces. In 2022, Başkent EDAŞ distributed a gross total of 16.65 TWh electricity via 136,017 km long distribution network.

Enerjisa Enerji was awarded the tender for the privatization of 100% of the shares of Başkent Elektrik Dağıtım A.Ş. through block sale method on July 1, 2008 for USD 1,225 million. The transfer of the shares was completed on January 28, 2009. Under the Transfer of Operating Rights (TOR) agreement signed with Türkiye Elektrik Dağıtım A.Ş. (TEDAŞ) on March 31, 2006, Başkent EDAŞ is entitled to distribute electricity in a total of 7 cities - Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak - for a period of 30 years, until September 1, 2036.

İSTANBUL ANADOLU YAKASI ELEKTRİK DAĞITIM A.Ş.

AYEDAŞ builds, maintains and operates electricity distribution grids in sub-provinces within İstanbul Anadolu Yakası Electricity Distribution Region. Providing electricity distribution service to approximately 5.7 million people residing at the Anatolian Side of İstanbul, AYEDAŞ distributed a gross total of 13.02 TWh electricity via 34,478 km long distribution network of in 2022.

Enerjisa Enerji was awarded the tender for the privatization of 100% of the shares of AYEDAŞ through block sale method for USD 1,227 million. The transfer of the shares was completed on July 31, 2013. Under the Transfer of Operating Rights (TOR) agreement signed with TEDAŞ on July 24, 2006, AYEDAŞ is entitled to distribute electricity on the Anatolian side of İstanbul until December 31, 2042.

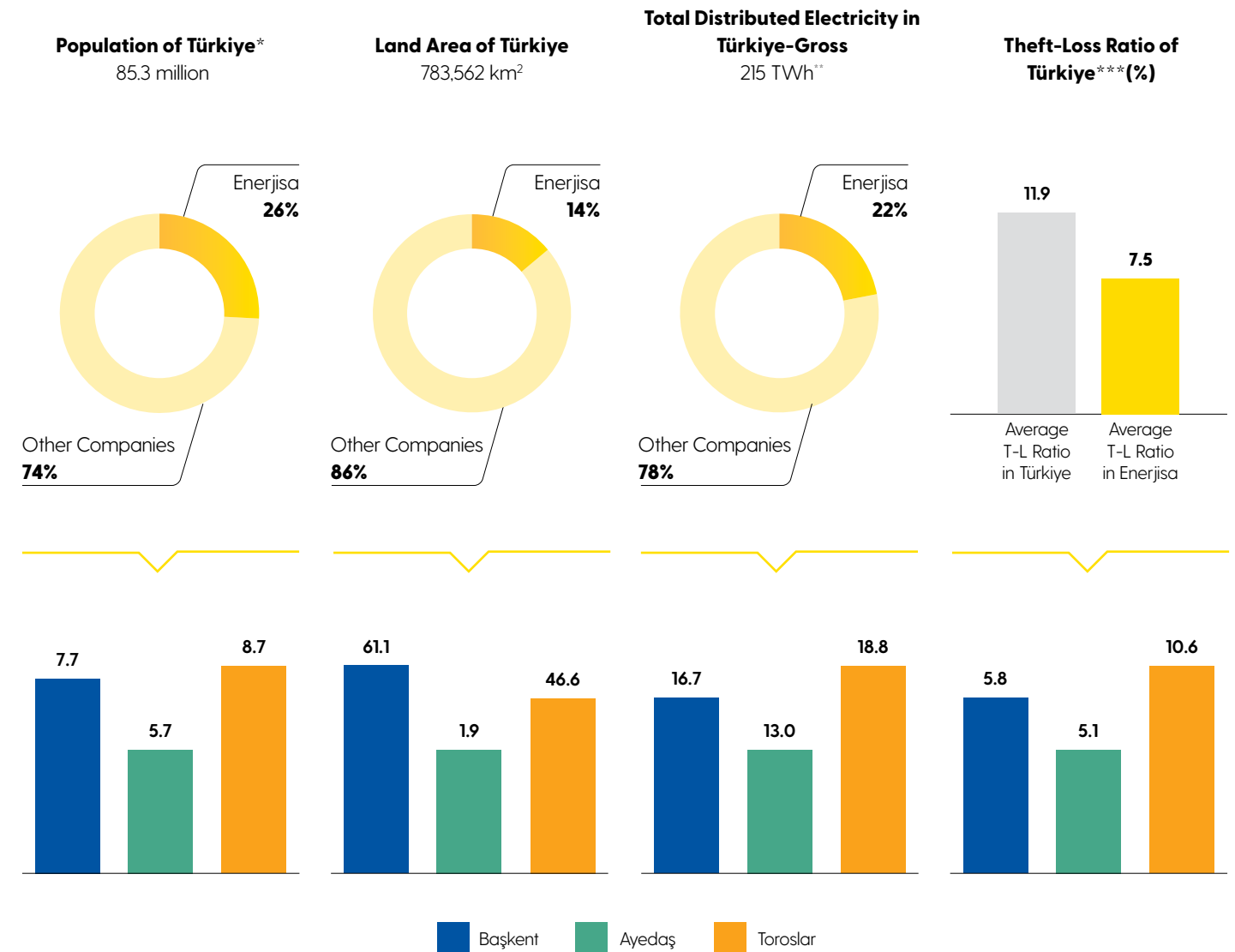
TOROSLAR ELEKTRİK DAĞITIM A.Ş.

Toroslar EDAŞ builds, maintains and operates electricity distribution grids in provinces within its distribution region. The Company provides electricity distribution to 8.7 million people within Toroslar Electricity Distribution Region which covers Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye provinces. In 2022, Toroslar distributed a gross total of 18.83 TWh electricity via 147,262 km long distribution network.

Enerjisa Enerji was awarded the tender for the privatization of 100% of the shares of Toroslar through block sale method for USD 1,725 million. The transfer of the shares was completed on September 30, 2013. Under the TOR agreement signed with TEDAŞ on July 24, 2006, Toroslar is entitled to distribute electricity in Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye until December 31, 2042.

	License Start Date	License End Date
Başkent	1 September 2006	1 September 2036
AYEDAŞ	1 September 2006	31 December 2042
Toroslar	1 September 2006	31 December 2042

DISTRIBUTION COMPANIES IN FIGURES



22.1 million
POPULATION

109,663 km²
LAND AREA

48,50 TWh
DISTRIBUTED
ELECTRICITY –
GROSS

7.5
AVERAGE THEFT-
LOSS (%)

* TURKSTAT

** EMRA 2021 Report

*** Türkiye theft and loss figure is based on 2021 EMRA sector report. 2022 Enerjisa Enerji theft & loss figure is calculated based on legal reporting figures.



Distribution Activities

INVESTMENTS

Long-term and steady investments should be sustained to ensure continuity in the service quality and supply security of the electricity distribution grid. However, investments in the distribution grid remained relatively limited before the privatization of the distribution companies in Türkiye. Following the privatization, investments increased and were executed in line with the needs.

Nevertheless, the nationwide increase in the number of electricity grid users as well as the energy demand is expected to continue in the long-term. The current momentum in investments needs to be sustained in order to reach the quality criteria of the developed countries in grid service quality. Moreover, the mega trends in the energy sector and the electrification trend in the energy demand is estimated to increase the investment requirement in the distribution grid. Considering these factors, the increase in investments is expected to continue.

Electricity distribution investments are subject to regulations and the investment amounts are determined by EMRA for regulatory periods of 5 years. Investment plans and realizations of these investments are inspected by public institutions (Energy Market Regulatory Authority (EMRA), Ministry of Energy and Natural Resources (MoENR), Turkish Electricity Distribution Corporation (TEDAŞ)).

Distribution companies are responsible for assessing the energy demand, lighting grid requirements, investment requirements to renovate the grid and improve the grid topology; as well as developing and implementing investment plans. In these assessments, the quality indicators and other indicators regarding the current status and operation of the grid, needs identified through field surveys, energy demand and demands of users, local authorities, public institutions and organizations are taken into consideration.

Furthermore, monitoring the investment budget, preparing the investment reports submitted to EMRA with the 5-year investment budget and justification reports, and developing a master plan that include 5-year and 10-year plans are also among the duties of the distribution companies.

3rd Regulatory Period

The initial allowed CAPEX in the third regulatory period (2016-2020) was TL 4.3 billion based on 267.2 base CPI (Oct 2015), which corresponds to TL 7.9 billion based on 487.38 CPI (Oct 2020).

The actual allowed CAPEX (initial allowed CAPEX plus additional allowance granted by EMRA) in the third regulatory period was TL 6.0 billion based on 267.2 CPI (Oct 2015), which corresponds to TL 11.0 billion based on 487.38 CPI (Oct 2020).

4th Regulatory Period

For the 4th regulatory period that started in 2021, EMRA continued to incentivize investments in the sector via increasing the CAPEX allowance.

In the fourth regulatory period, total initial allowed CAPEX of Enerjisa Enerji distribution companies for 2021-2025 is set at TL 13.5 billion based on 487.38 CPI (Oct 2020). Accordingly, initial CAPEX allowance increased by 72% in real terms compared to the third regulatory period.

Developments in 2022

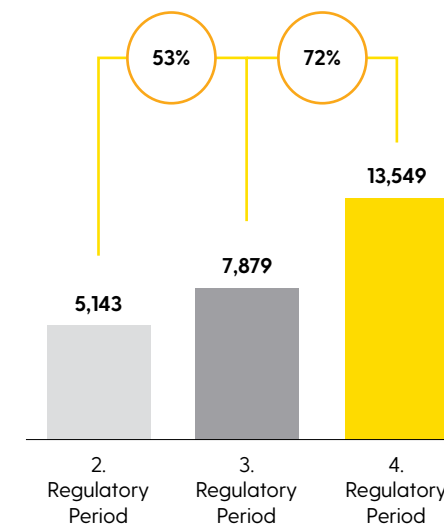
Enerjisa Enerji sustained its strong growth in 2022 as well. The Company continued to meet the energy demand in its distribution regions with its high operational capacity and sound financial structure, and carried on with its investments in lighting, grid modernization-improvement and similar investments as well as its investments in technology and digitalization to support the operation of the distribution grid. In 2022, the investments by Enerjisa Enerji reached approximately TL 4.5 billion.

Enerjisa Enerji updates its investment plans throughout the year in line with the changes in field requirements and financing costs. The Covid-19 pandemic, which began affecting the world as of 2020, continued its impacts in 2022 particularly through economic recession. Due to the pandemic, commodity prices increased, and companies manufacturing goods that are used in grid investments experienced problems in supplying materials.

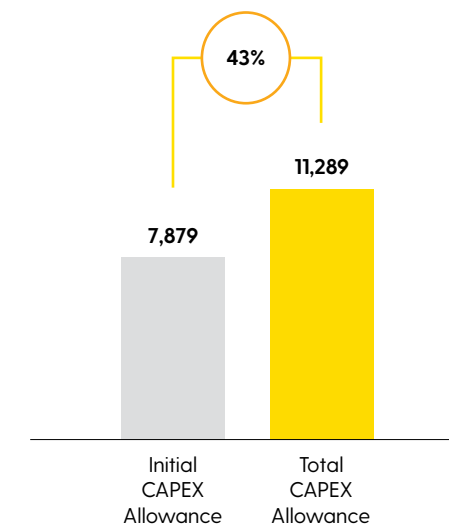
Despite the conjuncture in 2022, when the pandemic and the exchange rate fluctuations prevailed, Enerjisa Enerji sustained its investment momentum thanks to its agile investment and supply planning.

As a result of the investments made regulated asset base reached TL 19.9 billion as of end of 2022.

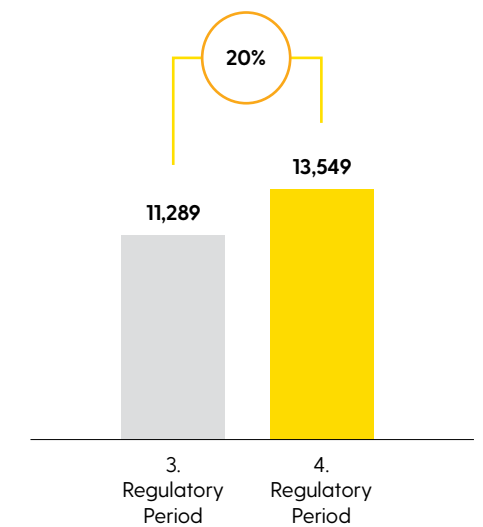
Comparison of Initial CAPEX Allowance
(TL million - Oct 2020 CPI (487.38))



3rd Regulatory Period CAPEX Allowance
(TL million - Oct 2020 CPI (487.38))



Comparison of Total CAPEX Allowance*
(TL million - Oct 2020 CPI (487.38))

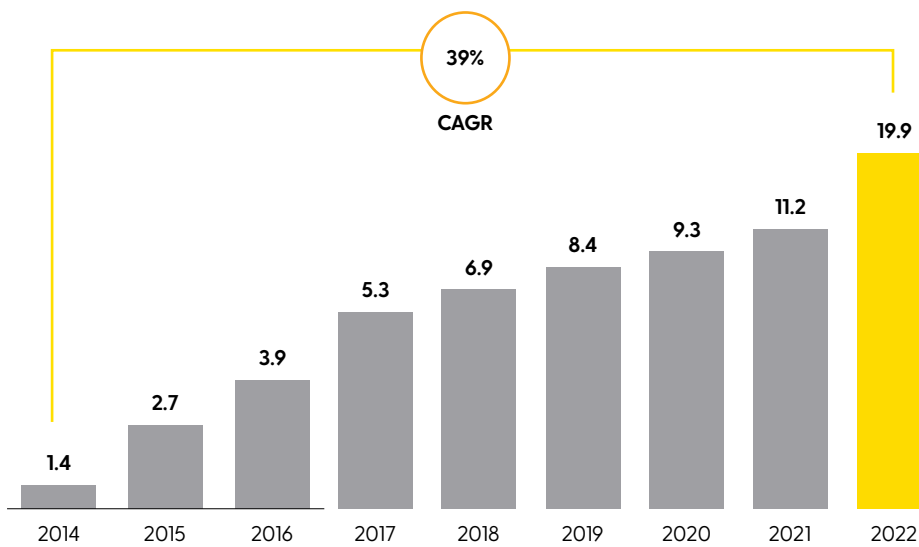


*There is no additional CAPEX allowance for the 4th regulatory period yet.



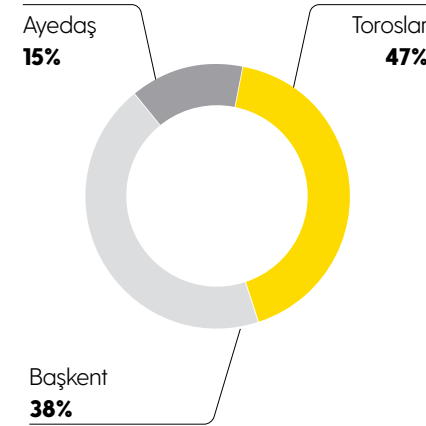
Distribution Activities

Regulated Asset Base
(TL billion)



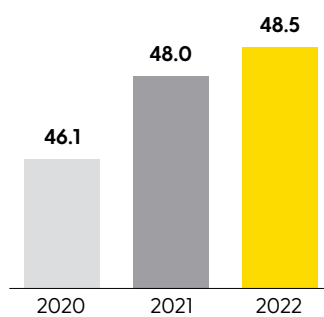
CAGR
39%

**Regional Breakdown
of 2022 Investments (%)**

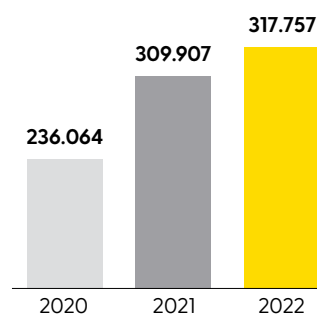


GRID DEVELOPMENT

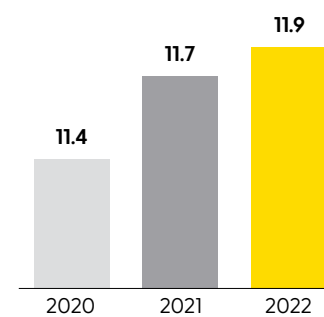
**Total Distributed Gross
Electricity (TWh)**



**Total Length of Network
(km)**



**Number of Connections
(million)**



EFFICIENCY AND QUALITY PARAMETERS

In the Turkish electricity sector, there is a legislative structure that supports efficiency, service quality and the reduction of theft-loss rate for distribution companies. In this context, the prominent efficiency and quality parameters are as follows:

CAPEX Outperformance: By the end of a tariff year, if a distribution company realizes its mandated investments at a cost less than the unit prices determined by EMRA, then it will have its revenues based on CAPEX realization calculated with the unit prices set by EMRA. In this case, the company retains the difference.

OPEX Outperformance: As per current regulatory framework, the fixed and variable OPEX component is not subject to adjustment based on realizations and it is

possible to achieve OPEX outperformance through efficient processes, cost management and digitalization. In case of outperformance, the company retains the difference.

Theft-Loss Outperformance: Except for those consumers connected directly to the transmission network, all eligible and ineligible customers pay the theft-loss tariff. Distribution companies are obliged to procure energy to compensate for energy theft-loss. The theft-loss tariff is determined at the national level and the revenue imbalances between the distribution regions are corrected through the price equalization mechanism. In this way, the cost burden calculated based on the theft-loss target, does not fall on the consumers in a specific region alone, but is distributed across all consumers in the country. If the performance of distribution companies is below the target, the company retains the difference, and if it is above the target, it bears the cost.

Quality Parameters: EMRA applies quality parameters to the revenue requirement (excluding non-controllable OPEX and including scheduled maintenance) to incentivize the performance of companies with regard to continuity of supply, technical quality, customer satisfaction, transparency, corporate governance and occupational health and safety.

Additional Income: Additional income is retained by distribution companies based on predetermined ratios and the rest is deducted from revenue cap. The following revenues are retained by distribution companies as additional income:

- 55% of detected and invoiced theft usage accrual,
- 50% of actual theft usage accruals after legal proceedings,
- Maintenance and repair service revenues (75%), advertisement and rent revenues (50%), consultancy revenues (75%), AMR (75%), litigative income (50%) etc.



Distribution Activities

Enerjisa Enerji works extensively to promptly address customer requests and complaints, and to provide the most appropriate solutions to its customers.



CUSTOMER EXPERIENCE

Maximizing customer experience is a key priority for Enerjisa Enerji. The Company continues to carry out an extensive range of activities aimed at cultivating a customer-oriented working approach at all operational units and enhancing the quality of the services it offers to its customers. In a bid to improve customer experience, Enerjisa Enerji distribution companies offer novel applications to customers and undertake new investments in this field. Enerjisa Enerji prioritizes the diversification of customer communication channels

to meet current needs. The Company works extensively to promptly address customer requests and complaints through these channels, and to provide the most appropriate solutions to its customers.

Communication Channels

Enerjisa Enerji customers may submit their applications and complaints to the Company through various channels such as petitions, e-mail, telephone, website, mobile application (Mobil 186), registered e-mail (REM), social media (Twitter, Facebook, Instagram) support accounts, corporate

Facebook account, corporate Sikayetvar.com account, WhatsApp Support Line, and Chatbot.

The information shared through these channels is logged and subsequently passed on to the operational units. The response received from the operational units is shared with the customer through the preferred communication channel of the latter. In accordance with the Personal Data Protection Law (PDPL), customers approve the clarification text through the distribution websites, WhatsApp Support Line, Chatbot application and mobile application channels. In addition, masking is performed on Call Center screens.

Customer Communication Channels

	Call Center	Mobile App	Social Media	Petition	E-mail	Website	WhatsApp Support Line	Chatbot
Index Reading	√	√	√	√	√	√	√	
Meter Operations	√	√	√	√	√	√	√	
Disconnect/Reconnect	√	√	√	√	√	√	√	
Failure Related Outages	√	√	√	√	√	√	√	√
Damage	√			√	√	√	√	
Lighting Failure	√	√	√	√	√	√	√	√
Electricity Theft	√			√	√	√	√	
New Connection	√	√	√	√	√	√	√	

CALL CENTER

Placing customer satisfaction at the core of its high-quality service principle, Enerjisa Enerji boasts the sector's largest call operations with a team of approximately 800 staff in the distribution business line. The Call Center, accessible at 186, provides uninterrupted 24/7 communication between the Company and its customers.

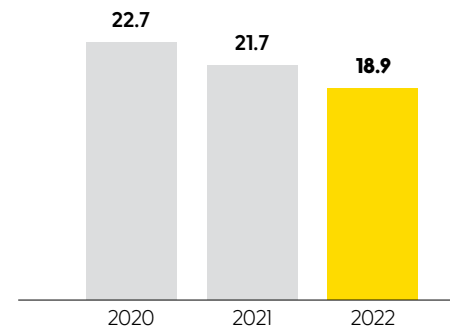
Enerjisa Enerji meticulously analyzes all customer requests and complaints, and works to improve its operational processes in this area. Based on continuous channel- and process-based measurements, the Company makes a detailed analysis of issues where there is a scope for improvement, and takes the necessary remedial measures to boost customer satisfaction.

Enerjisa Enerji distribution companies received around 19 million calls through the Call Center in 2022. The response rate for these calls was 99% with a service level score of 96.5%, and an average call response time of 2.6 seconds.

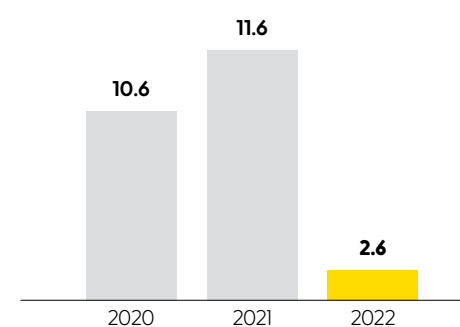
Customer complaints and Call Center performance are treated among crucial quality parameters by Energy Market Regulatory Authority (EMRA). In this context, a better performance compared to the predetermined target provides a financial return over the revenue requirement of distribution tariffs.

Responded Calls and Response Times

IVR Incoming Calls
(million)



Call Center Avg.
Response Time (seconds)





Distribution Activities

Enerjisa Enerji carries out customer satisfaction surveys on a regular basis to evaluate and enhance customer experience at the communication channels.

2.6 seconds

**CALL CENTER AVG.
RESPONSE TIME**

Customer Satisfaction

Enerjisa Enerji manages customer satisfaction and communication with customers in line with its internal policies and international standards. The Company delivers services at global standards within the scope of the ISO 10002 Customer Satisfaction Management System, which is internalized by all employees. To this

end, Enerjisa Enerji provided training to more than 3,500 employees on customer orientation and customer satisfaction in 2022.

Enerjisa Enerji carries out customer satisfaction surveys on a regular basis to evaluate and enhance customer experience at the communication channels.

Recognizing communication as an important priority towards bolstering customer satisfaction, Enerjisa Enerji communicates with its customers through diversified channels. The Company, while raising the diversity of the communication channels to address customer needs on the one hand, constantly improves them on the other to ensure prompt problem and complaint resolution.

Developments in 2022

In 2022, Enerjisa Enerji distribution companies executed the Outage Management System (OMS) Project, aimed at raising customer satisfaction within the scope of digitalization.

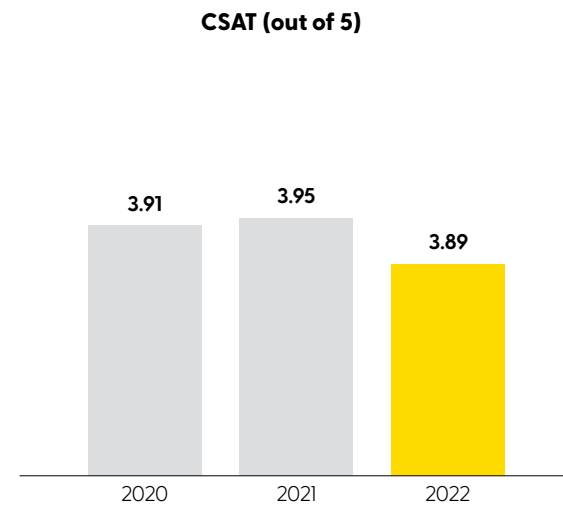
OMS Project: The OMS Project enabled our Call Center employees to directly view the full location information of the addresses affected by power outages in our distribution areas. Consequently, providing immediate and accurate information to our customers contacting our Call Center via 186 in case of a power outage, we managed to expedite customer applications. Moreover, we started to send instant text messages to those customers affected by power outage in a given region.

Our goals with this project are:

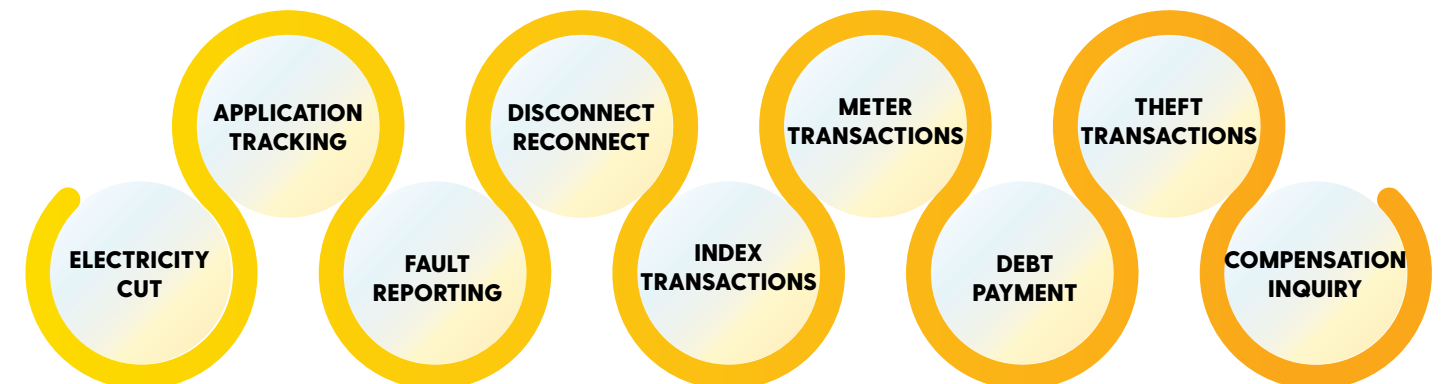
- Providing more accurate and rapid information to our customers through the call center,
- Increasing customer satisfaction through instant SMS alerts on power outages,
- Reducing the number of incoming calls and decreasing average call duration.

Speech Analytics Project: With this project, the technology that translates customer calls to our Call Center 186 into text using "Speech to Text" is introduced. The "Speech to Text" technology enables in depth analysis and the assessment of emotional changes throughout a given call. This technology, which differentiates the voice of the customer and that of the agent, bolsters our efforts to increase customer satisfaction and agent performance. Moreover, critical word alerts generated for the agents underpins operational excellence.

Customer Satisfaction Scores (CSAT) the years 2020, 2021 and 2022 are provided below:



Online Transactions





Distribution Activities

One of the primary objectives of Enerjisa Enerji is to provide an uninterrupted and accessible energy supply with the solutions it develops by closely monitoring technological developments.

TECHNOLOGY AND GRID MANAGEMENT

One of the primary objectives of Enerjisa Enerji is to provide an uninterrupted and accessible energy supply with the solutions it develops by closely monitoring technological developments. Enerjisa Enerji distribution companies use the following systems in their operations:

- Outage Management System (OMS) is used for outage management. In addition, customer notices received from the CRM system are conveyed directly in the OMS.
- SCADA (Supervisory control and data acquisition), an industrial automation control system which remotely monitors supply continuity, is used to collect outage data. The total number of sensors in the SCADA system, which was 926,021 at the end of 2021, reached 1,165,762 by the end of 2022.
- In order to increase the traceability of the grid, grid inventories not monitored with SCADA are monitored with the modems installed within the scope of the High Voltage Data Collection project. Thanks to all of these systems, the ratio of monitored stations at the Medium Voltage level increased to 100%.

- In addition, outage information is received from the Lighting and Customer Automatic Meter Reading System (AMRS). The AMRS installations have continued for remote reading of meters in distribution regions. The total number of installations within the scope of AMRS, increased from 87,730 as of the end of 2021 to 92,947 by the end of 2022.
- The users affected by the outages can be determined by the Geographic Information System (GIS).

In line with the outage information received from all these systems, the location of the outage is estimated through the use of various algorithms, which in turn reduces outage response times. Enerjisa Enerji distribution companies use industrial tablets to record the procedures performed in the field during the power outages. All system integrations ensure the correct calculation of the start and end times of outages in operating regions, as well as the number of affected subscribers.

Grid Quality Metrics

With the new tariff period which started as of 2021, "The Procedures and Principles Regarding the Consideration of Planned Maintenance Expenditures of the Electricity Distribution Companies in Tariff Calculations" entered into effect. In this context, a new framework was defined for planned maintenance in order to improve the continuity of supply and to support the increase in customer satisfaction and a new OPEX allowance was introduced for planned maintenance. With this practice,

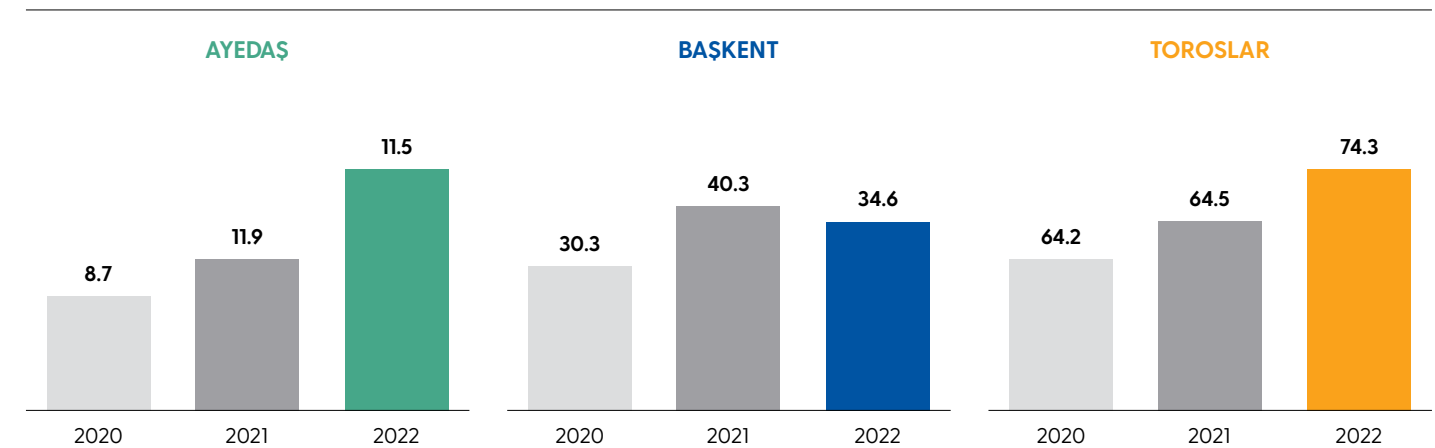
the maintenance works of distribution companies has been stepped up with an increase in the number of power cuts applied for maintenance purposes when compared to the previous years. Intensive maintenance work is aimed at reducing the incidence of failure in the grid and reducing the frequency of outages to be experienced in the upcoming years.

The reason for not achieving the targeted improvement in the indices in the Başkent region was the disasters (snowfall, flood etc) experienced in the provinces of Zonguldak, Bartın and Kastamonu during the year. Toroslar region was also experienced disasters in the provinces of Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye during the year. In 2022, all provinces were exposed to snowfall, flood etc. with conductors failed and poles brought down due to the weight of snow and flood.

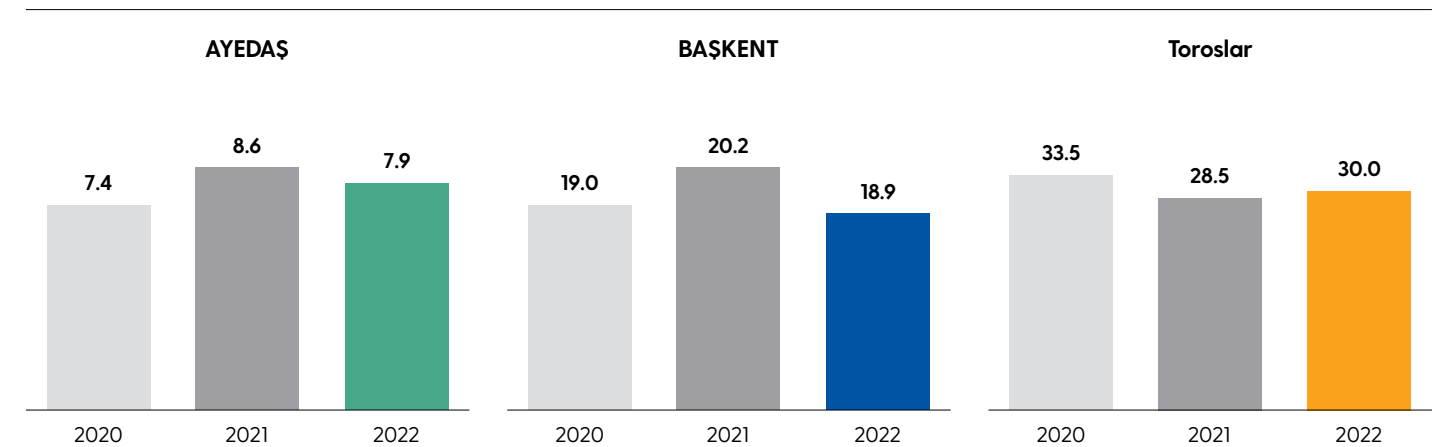
Enerjisa Enerji carries out projects and investments to facilitate adaption to the potential impacts of climate change as part of its sustainability strategy. For example, the overhead lines in distribution networks, are more exposed to the impacts of natural disasters than underground cables. The ratio of underground cables increased from 19% in 2015 to 27% in 2022 in Enerjisa distribution regions, mitigating the impact of external factors on the distribution network.

System Average Interruption Duration Index (SAIDI) and System Average Frequency Index (SAIFI) are used to monitor grid quality in terms of continuity of supply.

System Average Interruption Duration Index (SAIDI)
(hour)



System Average Frequency Index (SAIFI)
(number of power outages)





Distribution Activities

Enerjisa Enerji carries out projects and investments to facilitate adaption to the potential impacts of climate change.

Technology and Grid Management Projects

Enerjisa Enerji presses ahead with its grid investments in order to provide an uninterrupted supply of power and makes extensive use of technology.

Projects	Scope	Impact Area
The Tablet User Experience Project	The 4-phase project aims to facilitate the use of tablets by field operators, to reduce erroneous data entry and to resolve problems they may encounter.	Stakeholder Management Customer Experience Digitalization Quality OHS
Project of Tracking Personnel Working in the Shift	It is a project that aims for allowing central operators to gain observation capabilities to transportation routes of the site operators working in shifts to their assigned work point and to facilitate the management of these routes instantaneously.	Stakeholder Management Digitalization Quality
Unmanned Aerial Vehicle Supply	With this project, operational efficiency is ensured by the use of unmanned aerial vehicles, which are among the indispensables of technology, in fault search, maintenance and disaster processes in the network and the risk of work accidents that may occur during direct line and connection controls is minimized.	Digitalization OHS
Digitalization and Replacement of Protection Relays, Test Devices and Computers	With this project, faulty lines and equipment are disconnected from the grid in the event of a failure on the grid, within the time set in the relay coordination. Thus, customers in areas where there are no failures do not be affected by these outages. Relay/polarity/breaker test devices and computers are renewed and increased in number, thus increasing the reliability of the grid.	Stakeholder Management Customer Experience Digitalization Quality
Digital Inventory Management System and Analysis (DIGSILENT)	The aim of the project is to render grid management more secure. With the DIGSILENT software, protection and coordination functions are transferred to the digital environment. The DIGSILENT software allows the examination of voltage and current frequency anomalies through digital modelling with the power quality and harmonic analysis modules. Thanks to the protection module, relay coordination analysis can be performed. With GIS integration, GIS data can be used by modeling the network without the need for manual network drawing.	Digitalization Quality
OMS & AMRS (Outage Notice)	Improvement activities are carried out in the OMS project in order to provide ease of use by considering EMRA's recommendations and legislative requirements.	Customer Experience Digitalization Quality
The TEİAŞ Feeder Monitoring and Improvement Project	The project is aimed at monitoring output feeder data (current, voltage, power etc.) and the location information of circuit breakers and disconnectors and the like at the TEİAŞ substations with the application software, and to integrate these data into the SCADA and Inavitas systems. In addition, demand tracking of the TEİAŞ substations and TEİAŞ feeder openings can be monitored instantly through the Inavitas system.	Stakeholder Management Digitalization Quality OHS

Projects	Scope	Impact Area
Reactive Power Compensation Systems Project	The aim of the project is to keep the reactive power supplied to or withdrawn from the system within the limits specified in the Regulation on Electricity Grid and to prevent possible reactive penalty excesses, which are defined as violations in the penal clauses of the System Usage Agreements signed with TEİAŞ. With the project, user and inventory protection can be achieved and SCADA integration can be provided easily with the closed system automation software developed considering OHS measures. In addition, inventories (such as capacitor bank and shunt reactors), which are suitable for changing grid conditions, can be adapted quickly.	Stakeholder Management Digitalization Quality OHS
System Use Agreements WEB System and IT Developments (SKA-WEB)	With the SKA-WEB System; TEİAŞ correspondence/agreement processes, consumption/production demand values and reactive power follow-ups are carried out. It is aimed to display, archive and follow up the agreements, invoices, writings and penal conditions affiliated to TEİAŞ. With Demand and Compensation analysis modules; With the consumption-production data of the substations, it is aimed to prevent the exceeding of the power limits by monitoring the Reactive power limits and to prevent the penalties that may occur in case of overage. SKA-WEB calculates active and reactive energy values from meter data received from TEİAŞ substations on a daily basis and informs all users via e-mail. In addition, daily/monthly/yearly reports and automatic load transfer notifications are made. Thanks to these features, power analyses and punitive risks can be foreseen in advance and network maneuvers and plant commissioning/removal operations (including simulations specific to plant type) can be performed in the light of the analyzes in the system.	Stakeholder Management Digitalization Quality
Overhead Line Fault Indicator Mechanisms	Overhead Line Fault Indicator Mechanisms are devices which locate the fault occurring on the line, thanks to the light signal they emit. These devices contribute to customer satisfaction by shortening the time for the team to locate the fault, thus shortening the outage time.	Customer Experience OHS
SCADA Infrastructure and Adaptation Projects	Infrastructure and extension work will be carried out at the centers within the scope of the projects and the relevant centers will be added to the SCADA system. By replacing the relays which have completed their technological lives, the feeders will be rendered remotely monitorable and controllable.	Stakeholder Management Digitalization Quality OHS
Substation SCADA Projects (TRAFO)	With these projects, high-voltage and low-voltage information from the Distribution Substations is collected and sent to SCADA and the IoT Platform. Overall, the data to be received from the centers will be cell location/control information, substation information, and voltage yes/no data related to the substation output feeders. Necessary infrastructure and expansion work will be carried out at the substation centers in order to receive this data.	Stakeholder Management Digitalization Quality OHS
Industrial IoT Platform and Software Project	Industrial IoT Platform and Software Project; It is a multi-layered hardware and software whole project equipped with the innovations brought by Industry 4.0, having a communication infrastructure that will collect millions of data from thousands of endpoints, containing analytical and reporting tools to make the collected data meaningful, capable of forecasting and modeling with artificial intelligence and machine learning algorithms and thus directing the Company's investments in the future period.	Stakeholder Management Digitalization Quality OHS
Peak SCADA Projects	Within the scope of the project, low voltage (LV) substation data will be received from the centers, where the Pole Mounted Substations are located. In order to receive this information, necessary infrastructure and expansion work will be carried out at the substation centers. The received LV data will be transferred to the IoT Platform.	Stakeholder Management Digitalization Quality OHS



Retail Activities

In the retail power sales sector, Enerjisa Enerji is the industry leader in terms of sales volume and number of customers.

10.6 million
NUMBER OF CUSTOMERS

RETAIL SALES ACTIVITIES

In the retail power sales sector, Enerjisa Enerji is the industry leader in terms of sales volume and number of customers. As of the end of 2022, the Company commanded a 22% market share based on the number of customers.

Enerjisa Enerji retail companies operate in three regions as the incumbent retail companies in the regulated electricity market, under the supply license issued by the Energy Market Regulatory Authority (EMRA).

As incumbent retail companies, these companies provide electricity retail sales services to customers below the eligible consumer limit as well as consumers above the eligible limit but who have not chosen a different supplier, in the Company's distribution regions. Furthermore, these companies may sell electricity to eligible customers in their own regions as well as other parts of Türkiye with no regional restrictions.

Enerjisa Enerji develops its products and services with a focus on sustainability and provides cutting-edge technology to its consumers. The Company implements

a wide range of innovations aimed at increasing customer satisfaction through customer-oriented digitalization projects.

The customer-oriented business approach adopted by Enerjisa Enerji is directly reflected in its wide range of service channels and after-sales service network. Providing services to approximately 10.6 million customers and a population of 22.1 million through the physical, digital and remote channels, Enerjisa Enerji strives to meet the needs of its customers, create value in electricity supply and provide after-sales support.

The main service channels used by Enerjisa Enerji are as follows:

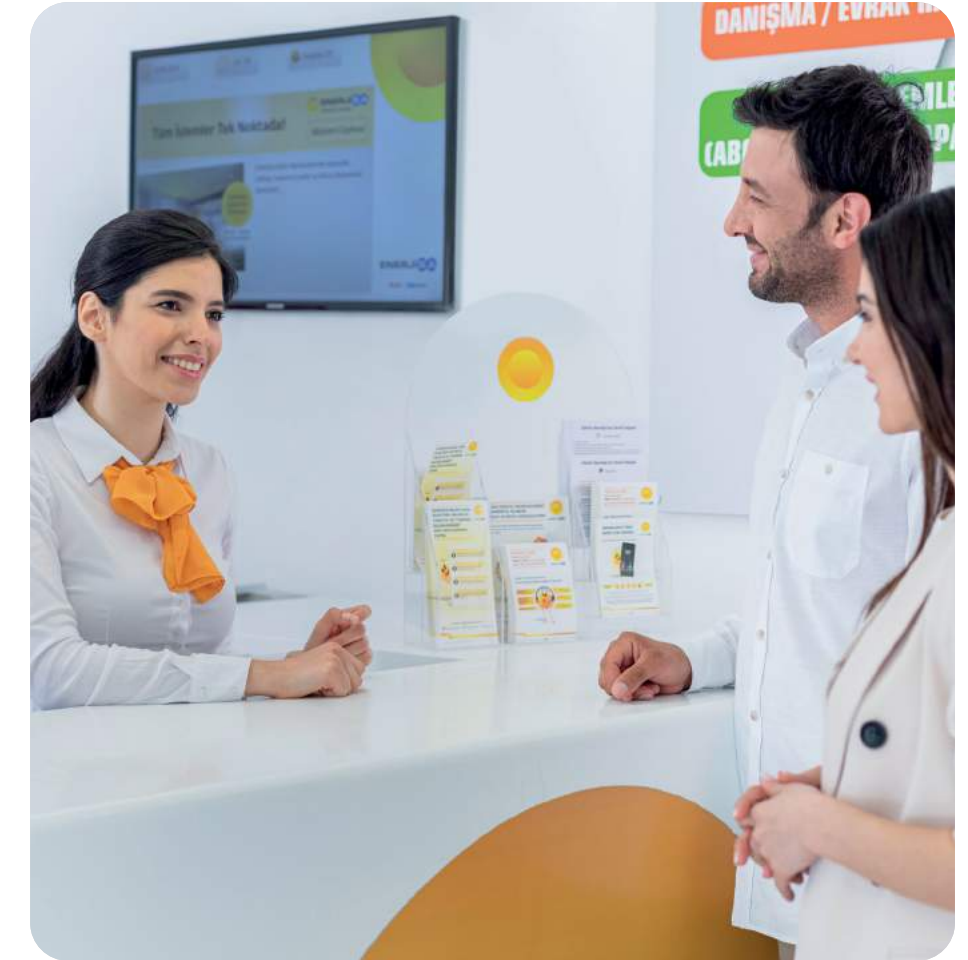
- **Physical Channels:** Customers services are provided through physical channels including 39 Enerjisa Customer Service Centers, 73 Enerjisa Transaction Centers and 10 Mobile Service Vehicles.
- **Digital Channels:** Customer transactions are executed through digital service channels, which were redesigned to meet the needs of customers. Digital channels include the Online Service Center, the internet, mobile platforms and e-Government.
- **Remote Channels:** 24/7 uninterrupted services are provided remotely through the Call Center, while the telesales services have also been actively provided.

RETAIL COMPANIES

Enerjisa Enerji carries out electricity retail activities in 14 provinces across three regions through Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Perakende Satış A.Ş.

Enerjisa Başkent Elektrik Perakende Satış A.Ş. was established and started its operations in 2014. Enerjisa Başkent Elektrik Perakende Satış A.Ş., serves more than 4 million predominantly residential and commercial customers in the Başkent Region (Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak), where the Company is the incumbent electricity supplier.

Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. Under the privatization program, the transfer of Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. shares to Enerjisa Enerji was completed on July 31, 2013, with the signing of share transfer agreement. Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. provides services to approximately 2.6 million predominantly residential and commercial customers on the Anatolian Side of İstanbul, where the Company is the incumbent electricity supplier.



Enerjisa Toroslar Elektrik Perakende Satış A.Ş. The transfer of Enerjisa Toroslar Elektrik Perakende Satış A.Ş. shares to Enerjisa Enerji under the privatization program was completed on September 30, 2013, with the signing of the share transfer agreement. Enerjisa Toroslar Elektrik Perakende Satış A.Ş. serves more than 4 million predominantly residential and commercial customers in the Toroslar Region (Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye) where the Company is the incumbent electricity supplier.

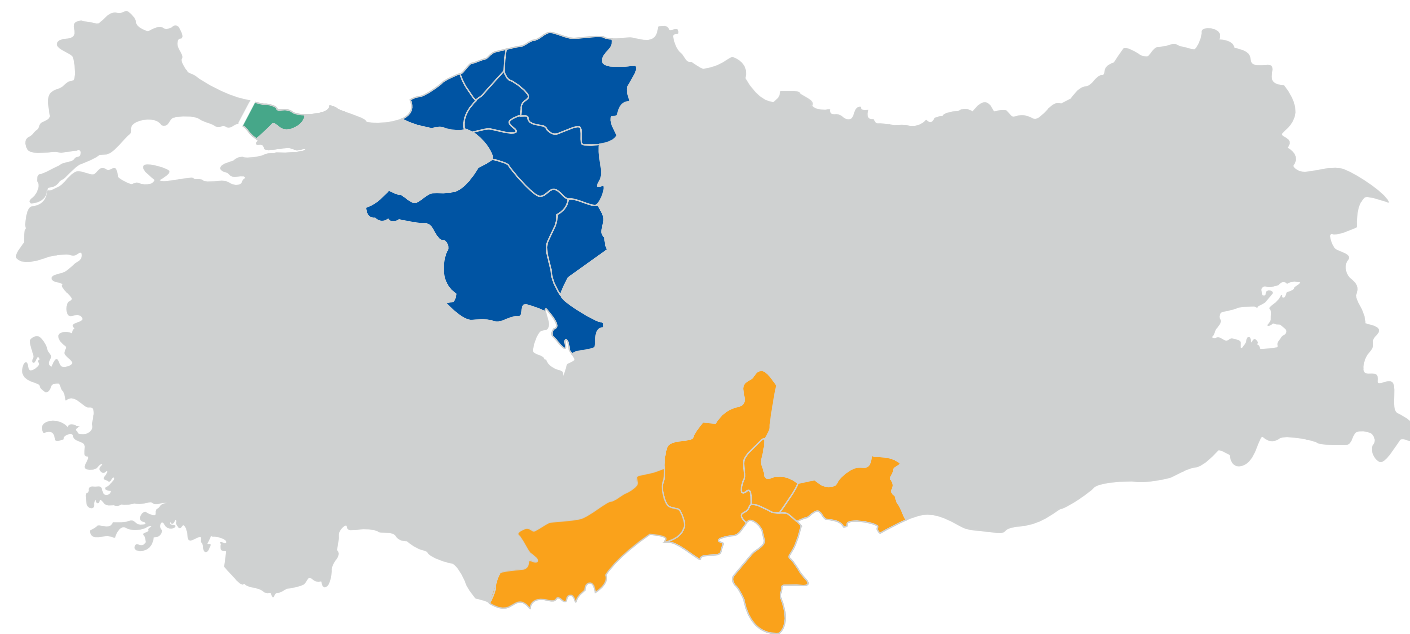
Within the scope of its retail sales activities, Enerjisa Enerji continued to develop its products and services with a focus on sustainability and to realize customer-oriented digitalization projects in 2022 as well.

39.2 TWh
SALES VOLUME



Retail Activities

Within the scope of its retail sales activities, Enerjisa Enerji continued to develop its products and services with a focus on sustainability and to realize customer-oriented digitalization projects in 2022 as well.

**Başkent**

Ankara, Bartın, Çankırı, Karabük,
Kastamonu, Kırıkkale, Zonguldak

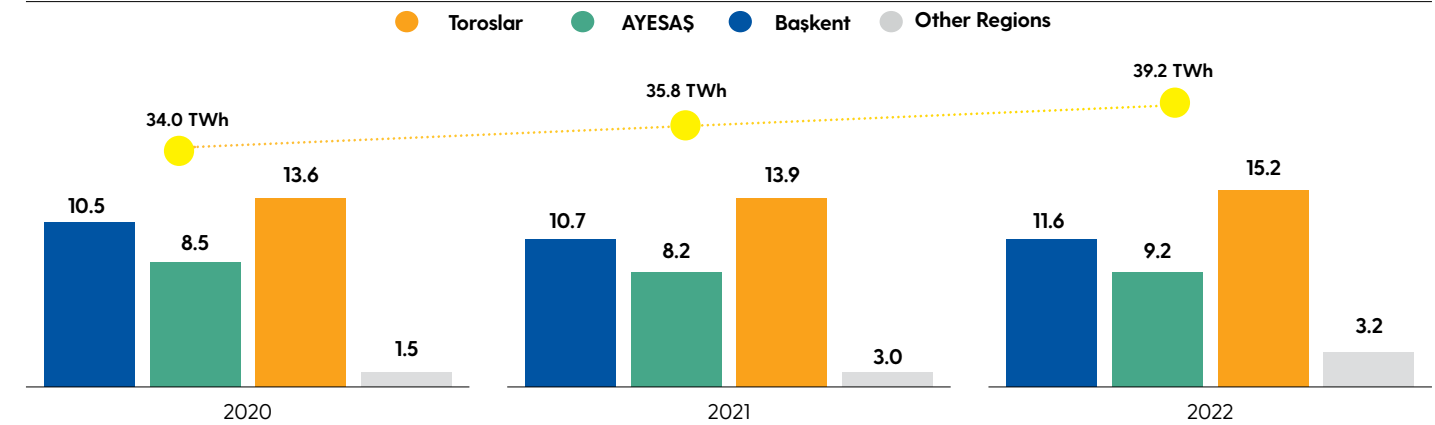
AYESAŞ

İstanbul - Anadolu Yakası

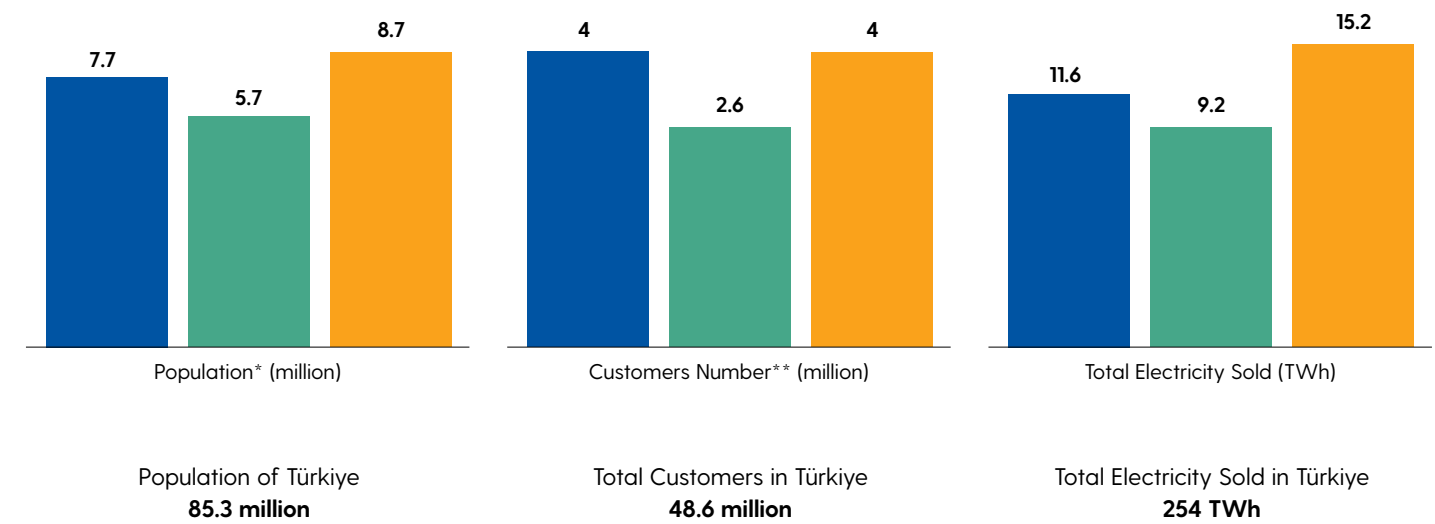
Toroslar

Adana, Gaziantep, Hatay,
Kilis, Mersin, Osmaniye

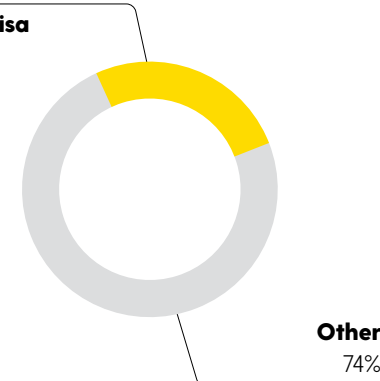
RETAIL COMPANIES IN NUMBERS SALES VOLUME BY REGIONS*** (TWh)



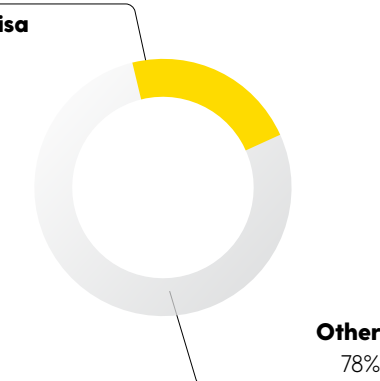
RETAIL COMPANIES IN NUMBERS ENERJİSA ENERJİ



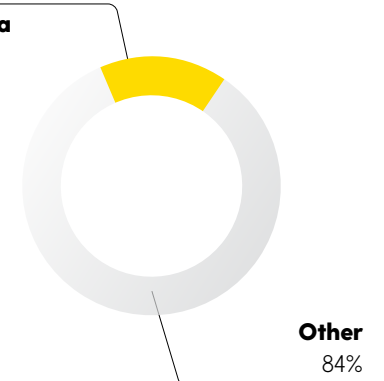
Enerjisa
26%



Enerjisa
22%



Enerjisa
16%



* TURKSTAT

** EMRA 2022 Report

*** Sales volume includes the liberalized and non-liberalized sales in the 3 regions where the sales company has the status of the assigned supplier, and the liberalized market sales in the other regions.



Retail Activities

Total retail sales volume was 39.2 TWh in 2022 compared to 35.8 TWh in 2021.

109 million
TOTAL INVOICE VOLUME

Sales Volume

The sales volume includes eligible and non-eligible sales in 3 regions where the sales company has the incumbent electricity supplier status as well as free market sales in other regions.

Total retail sales volume was 39.2 TWh in 2022 compared to 35.8 TWh in 2021. As the impact of Covid-19 pandemic eased throughout 2022, demand for electricity increased in the segments on which Enerjisa Enerji has focused in line with its profitable growth strategy.

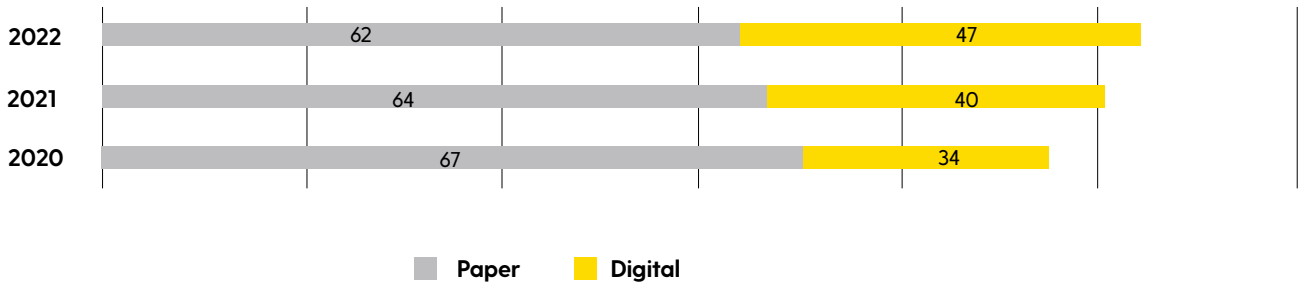
Billing

With the transition to digital invoicing, Enerjisa Enerji aims to provide clients with fast access to their invoices while also helping to preserve the environment by reducing its paper consumption. In line with

this purpose, in the second quarter of 2022, a new integrator company was agreed with in order to overcome the problems in the e-archive approved (digital bill) imaging processes and to contribute to the customer experience. In addition, projects and campaigns were carried out through different channels, primarily SMS and IVR channels, in order to convert customers' paper bill experience to digital invoices during 2022.

A total of 109 million invoices had been issued in 2022. 44.5 million invoices were notified through SMS and/or e-mail and 3 million invoices were notified by e-invoices, according to customer preferences. As a result, the number of paper bills was reduced, thereby contributing to efforts to protect the environment.

Number of Paper & Digital Bills
(million)



Payments

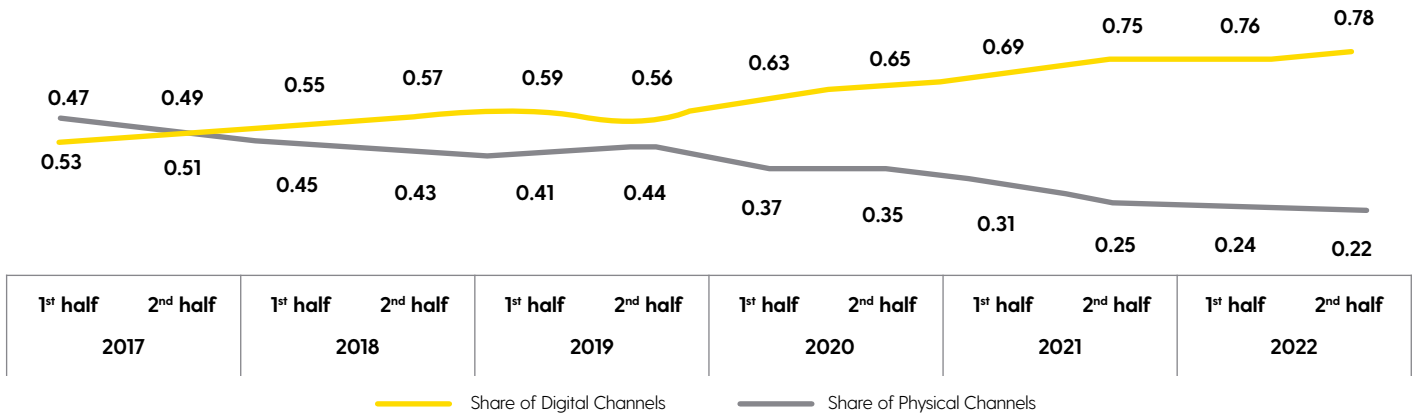
With the effect of the digitization trend and digital solutions offered to clients, the share of digital channels in bill payments has been increasing since 2017. The usage rate of digital channels entered an increasing

trend with the effect of the pandemic, continued to increase in the post-pandemic period and became permanent. On a per unit basis, the share of digital payments exceeded 77% by the end of 2022.

77%
SHARE OF DIGITAL
PAYMENTS

Progression of Share of Digital and Physical Channels: 2017-2022
(%)

Progression of Share of Digital and Physical Channels: 2017-2022 (%)





Retail Activities

With the effect of the digitization trend and digital solutions offered to clients, the share of digital channels in bill payments has been increasing since 2017.

Consumer Limits and Applied Tariffs in the Electricity Market

Consumption Volume (kWh/year)* and Customer Type	Eligible Consumer Right Exercise Status	Tariff Applied	Supplier
0-1,000 kWh	Non-Eligible Consumers No right to choose a supplier	National (Regulated) Tariff (Compulsory)	Incumbent Electricity Retail Company
Residential and Agricultural Activities ≥ 1,000 kWh and <100 million kWh	Eligible Consumer The right to choose a supplier has not been exercised.	National Tariff	Incumbent Electricity Retail Company
Other (Public, Exclusive Services Sector, Industrial, Lighting) ≥ 1,000 kWh ve <1 million kWh	Eligible Consumer The right to choose a supplier has been exercised	Eligible Consumer Tariff	Incumbent Electricity Retail Company or Other Suppliers
Residential and Agricultural Activities ≥ 100 million kWh	Eligible Consumer The right to choose a supplier has been exercised	Last Resource Tariff Energy Costs (including FIT) x 1.0938	Incumbent Electricity Retail Company
Other (Public ve Exclusive Services Sector, Industrial, Lighting) ≥ 1 million kWh	Eligible Consumer The right to choose a supplier has been exercised	Eligible Consumer Tariff	Incumbent Electricity Retail Company or Other Suppliers

*As of 01.01.2023

DEFINED STRATEGY BASED ON CUSTOMER SEGMENTS

MASS

Residential*

(Regulated + Liberalized)

- Regulated or those who continue to purchase electricity at the regulated tariff due to their tariff structure, even though exceeding the eligibility limit,
- Wide customer base and diverse customer needs,
- Service and support need through different channels.

SME

(Regulated + Liberalized)

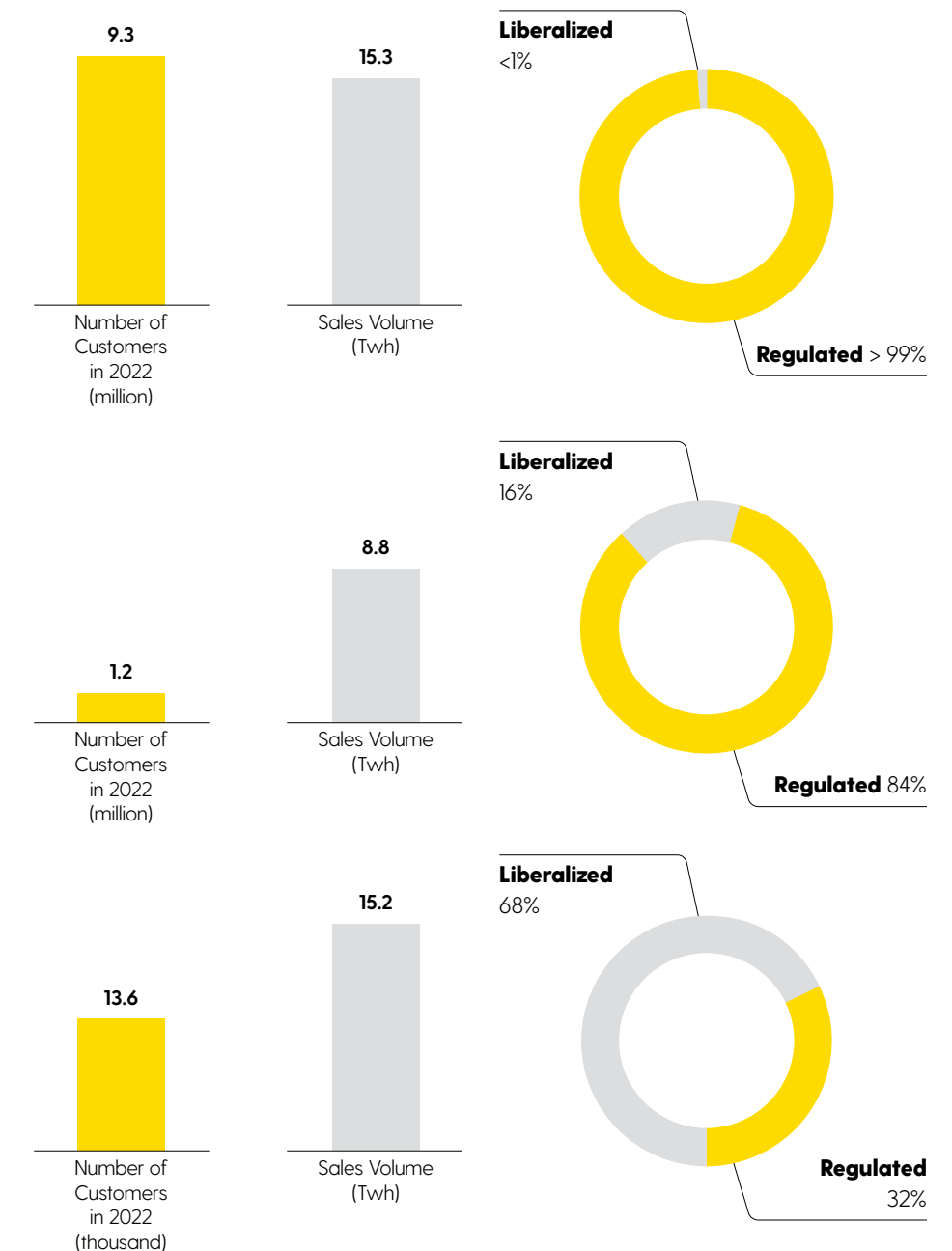
- Due to the tariff structure, a shift to liberalized SME who are above the eligibility limit,
- Wide customer base and diverse customer needs,
- Service and support need through different channels.

CORPORATE

(Regulated + Liberalized)

- Commercial or industrial customers above eligibility limit and with high consumption,
- Customer oriented solution and customized service need.

* Households (detached buildings, apartments, sites), common areas and non-commercial (associations, foundations, places of worship, etc.)





Retail Activities

Enerjisa Enerji’s mass customer segment consists of residential and SME customers.

PRODUCTS, TARIFFS AND SERVICES

Structuring its products and services in two groups as electricity and non-electricity, Enerjisa Enerji manages this structure in accordance with the different expectations and needs of mass and corporate customer segments.

Enerjisa Enerji’s mass customer segment consists of residential and SME customers. The Company runs periodic campaigns

for this segment and provides the most advantageous offers to its customers based on industry trends. In addition, the Company plans to extend projects developed for corporate customers to the mass customer segment as well as to non-electricity products and services.

Enerjisa Enerji aspires to deliver solutions which touch different points in the lives of its customers with nonelectricity products. Customers are offered gift cards which can

be used in a range of outlets, and various offers are provided for different sectors.

In the corporate segment, Enerjisa Enerji’s approach is to offer commercial products with fixed and variable pricing to meet the expectations and demands of its corporate customers. Energy solutions other than electricity sales, such as project-based power generation at the point of consumption and energy efficiency are other services provided for this segment.

Customer Type	Customer Group	Electricity Tariffs
Mass	Residential	• National Tariff
	SME	• National Tariff • Fixed Tariff • Standard Tariff • National Tariff Indexed Tariff • Market Indexed Tariff
Corporate	Commercial and Industrial Medium-Sized Customers	• National Tariff • Green Energy Tariff • Fixed Tariff • Fixed Tariff excluding FIT • Fixed Tariff excluding MCP • National Tariff Indexed Tariff • Market Indexed Tariff
	Commercial and Industrial Large and Special Customers	• National Tariff • Green Energy Tariff • Fixed Tariff • Fixed Tariff excluding FIT • Fixed Tariff excluding MCP • National Tariff Indexed Tariff • Market Indexed Tariff

TARIFFS

The products and tariffs offered by Enerjisa Enerji with different commercial options, including indexed, fixed, prepaid and post-paid options, are as follows:

- **National Tariff:** This refers to the tariff announced by EMRA quarterly, which is applicable to eligible consumers who do not exercise their eligibility rights or end-users whose consumption is below the eligible consumer limit.
- **National Tariff Indexed Tariff:** The product is offered with a discount to national tariffs. Electricity is supplied by applying a fixed discount rate when the national tariff increases or decreases.
- **Fixed Tariff:** This product offers a fixed unit price unaffected by energy market costs or changes in the national tariff during the contract period. More costeffective pricing options are provided with different prepayment terms.
- **Standard Tariff:** The price set for retail customers is variable with defined conditions and requires no commitment.
- **Fixed Tariff Excluding FIT (Feed-in Tariff):** While the unit price excluding FIT does not change over the contract time, the total unit price is revised each month based on the FIT unit cost. More cost-effective pricing options are provided with different prepayment terms.
Fixed Tariff Excluding MCP: Under this tariff, the unit price excluding the MCP is fixed throughout the contract period and

the total unit price is revised every month according to the announced MCP unit cost. More costeffective pricing options are provided with different prepayment terms.

- **Green Energy Tariff:** Green Energy refers to energy generated from renewable resources, certified by globally recognized accreditation organizations and reported transparently. Users prefer green energy sources to reduce or neutralize greenhouse gas emissions resulting from their electricity

consumption. Enerjisa Enerji offers green energy solutions with two types of certification including the carbon reduction certificate and renewable energy certificate.

- **Market Indexed Tariff:** This product is indexed to the cost of energy supply. The unit price varies according to changes in market costs throughout the contract period. More cost-effective pricing options are provided with different prepayment terms.





Retail Activities

Enerjisa Enerji diversifies its channel and service structure for an excellent customer experience, while creating projects that will ensure the most efficient use of resources.

SERVICE CHANNELS

Enerjisa Enerji diversifies its channel and service structure for an excellent customer experience, while creating projects that will ensure the most efficient use of resources. To this end, the Company is constantly reviewing and improving the processes of its service channels, which are listed in the table below.

		Digital Channels				Physical Channels			Remote Channels	
	Transactions	Mobile & Servis Center	WEB	Corporate Online	e-Government	Customer Service Center	Enerjisa Transaction Center	Corporate Services Channels	Call Center	Telesales
Residential and SME	Membership	√								
	Subscription and termination	√			√	√	√			√
	Periodic bill viewing/inquiry	√			√	√	√	√	√	
	Payment transactions	√			√		√		√	
	Monitoring monthly energy consumption trend	√								
	Information update	√				√	√	√	√	√
	Application transactions	√				√	√	√	√	√
	Permission / request management	√				√	√	√	√	√
	Tariff change transactions	√				√	√	√	√	
	Appointment transactions	√							√	
	Security deposit refund / inquiry request		√			√	√	√	√	√
	Technical Support								√	
	Sales service via phone									√
	Electron sales					√	√	√		√
	Key customer management							√	√	
	Energy consultancy							√		
	Renewable energy solutions									
	Energy efficiency solutions									
	VIP support line								√	

		Digital Channels				Physical Channels			Remote Channels	
	Transactions	Mobile & Servis Center	WEB	Corporate Online	e-Government	Customer Service Center	Enerjisa Transaction Center	Corporate Services Channels	Call Center	Telesales
Corporate Customer Segment	Subscription and termination					√	√			
	Periodic bill viewing/inquiry			√		√	√	√	√	√
	Payment transactions						√			
	Monitoring monthly energy consumption trend			√				√		
	Information update			√		√	√	√	√	
	Application transactions			√		√	√	√	√	√*
	Permission / request management					√	√	√	√	
	Tariff change transactions					√	√	√	√	
	Appointment transactions								√	
	Security deposit refund / inquiry request		√			√	√	√	√	√*
	Technical support								√	
	Sales service via phone									
	Electron sales							√		
	Key customer management							√		
	Energy consultancy							√		
	Renewable energy solutions							√		
	Energy efficiency solutions							√		
	VIP support line								√	√*

*Transactions can be made for medium-sized customers.



Retail Activities

Adopting a customer-oriented approach in its services, Enerjisa Enerji aspires to provide its consumers with the best experience through physical channels.

PHYSICAL CHANNELS

Adopting a customer-oriented approach in its services, Enerjisa Enerji aspires to provide its consumers with the best experience through physical channels. These channels, which handled approximately 1.9 million transactions in 2022, and the services they offer are listed below:

Customer Service Center	Enerjisa Transaction Center
<p>Enerjisa Enerji serves its customers with 39 Customer Service Centers (CSC) in 3 regions. The transactions carried out in the Customer Service Centers are as follows:</p> <ul style="list-style-type: none">• Application transactions• Subscription and termination transactions• Billing transactions• Information update transactions• Permission/request management transactions• Tariff change transactions• Security deposit refund/inquiry request transactions <p>Furthermore, the Company serves its customers at Enerjisa Transaction Centers in the Başkent and Toroslar Regions and with 10 mobile service vehicles (Mobile CSCs) at remote locations where there are no Customer Service Centers.</p>	<p>Enerjisa Enerji serves its customers with 73 Enerjisa Transaction Centers (ETC) in 3 regions. Subscription, termination and relocation (transfer) transactions are carried out in ETCs in addition to transactions such as the payment of electricity bills, security deposit and installment items. Furthermore, ETCs handle all kinds of applications and complaints submitted by customers.</p>

In addition to the above-mentioned physical channels, as assigned incumbent electricity retail companies, customer-oriented sales activities are carried out for corporate customers with a total of 15 corporate dealers in 12 different provinces in order to sell electricity to eligible consumers in other regions of Türkiye in addition to the regions where the Company operates. Corporate customers are visited at their own locations through energy professionals who are experts in their fields, and solutions tailored to their needs and preferences are provided.

Enerjisa Corporate Dealers
<p>Enerjisa Enerji serves corporate customers with a total of 15 corporate dealers in 12 different cities. Transactions carried out through corporate dealers are as follows:</p> <ul style="list-style-type: none">• Electron sales• Key customer management• Energy consultancy• Tariff change transactions• Information update• Application transactions• Permission / request management• Security deposit refund / inquiry request

DIGITAL CHANNELS

Enerjisa Enerji customers may perform a variety of transactions including from membership creation to subscription and termination, payment, appointment, request and complaint processes online on a 24/7 basis through online.enerjisa.com.tr, Enerjisa Mobile and the e-Government portal, without visiting physical channels. While the use of digital channels in retail sales was 18% in 2021, it increased to 21% in 2022.

In 2022, important steps were taken in order to maximize customer experience in digital channels and to maintain the increase in the use of channels. Studies continue without slowing down to provide perfect end-to-end digital experience to customers. Accordingly, customer feedbacks were examined thoroughly and customer needs were determined. Modern technologies are integrated into the systems in or order

to serve customers with easy-to-use, functional and high-performance channels and all user interfaces are redesigned based on basic design principles.

The digital channels developed by Enerjisa Enerji to provide the best service to its customers, and the transactions performed on these channels are listed below:

Online Services Center & Mobile Application	e-Government
<p>The following operations are carried out through the Online Service Center and Mobile Application:</p> <ul style="list-style-type: none">• Subscription and termination transactions• Membership• Receiving electricity sales application requests• Billing transactions- Monitoring monthly energy consumption trends- Periodic bill viewing through the application• Bill payment transactions• Tariff change transactions• Objection and complaint application follow-up• Permission request management transactions• Information update transactions• Appointment transactions	<p>Enerjisa Enerji customers may perform the following transactions through the e-Government portal:</p> <ul style="list-style-type: none">• Subscription and termination transactions• Billing transactions• Payment transactions



Retail Activities

The Call Center received a total of approximately 6,7 million calls in 2022, 58% of which were handled by the voice response system, with 97% of the 2.8 million queued-up calls answered.

**~6.7 million
CALLS**

REMOTE CHANNELS

Call Center

With around 250 staff, Enerjisa Enerji's Call Center represents an important channel for the Company. Managing a wide range of customer traffic, this channel offers the following services:

- Contract Transactions
- Billing Transactions
- Payment Transactions
- Eligible Customer Transactions
- Information Update
- Appointment Transactions
- Technical Support

The Call Center received a total of approximately 6,7 million calls in 2022, 58% of which were handled by the voice response system, with 97% of the 2.8 million queued-up calls answered. The average response time of the Call Center was 21 seconds. Billing transactions were the most frequent application subject with 55%, while subscription transactions took the second place with 15%.

With the developments made in the "Voice Recognition and Analysis" project, conversations held in the Call Center with the support of artificial intelligence are analyzed, the emotional states of customers and employees, call trends and call contents are effectively monitored.

In addition, customers gave low scores for Customer Satisfaction Surveys and made repeated calls to Call Center were called back and identification, improvement of dissatisfaction and failure points in the processes were ensured. As a result of these analyzes, actions to increase customer satisfaction are designed and process improvements are carried out.

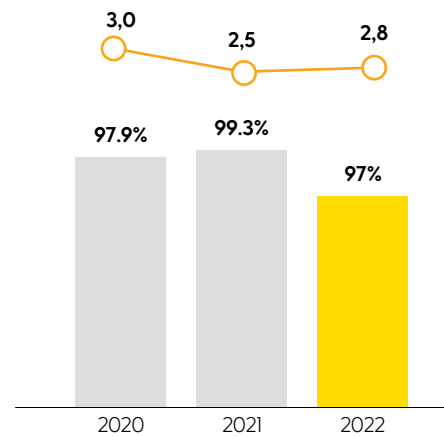
In addition, as a result of the analysis, the room for improvement of employees was identified and necessary training plans were put in place.

Appointments given over the IVR for subscription and evacuation procedures, which were put into practice during the pandemic period, were continued in this period as well, and the negative effects of the density were tried to be eliminated. At the same time, it was made possible for the calls to be completed in the IVR by sharing the necessary information over IVR without connecting to a customer representative for subscription and evacuation processes. In addition to these developments, if customers who call the Call Center have a receivable, they are instantly detected with the voice response system and the calls are resolved in IVR without connecting to the customer representative. With all these improvements, 50% of the calls reaching the Call Center were completed in IVR and the response rates were increased.

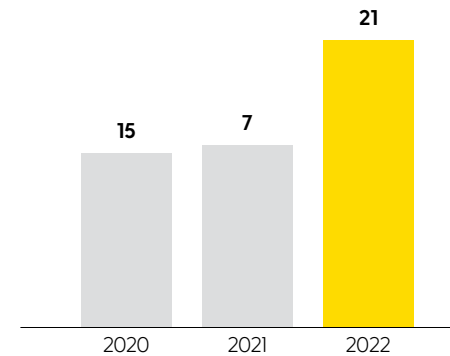
Customer representatives were provided with quick access to the correct information through the SAP-CRM screens used as part of the "User-Friendly CRM" project, which increased employee loyalty and motivation.

The Gamification Project - Orion was designed in order to improve employee loyalty and satisfaction, to enable employees to think agile and analytically, to act as a team, to have fun and learn new things while doing these and to win various awards. Teams came together at different times to pass previously constructed sections and they developed competencies such as research and work sharing, analytical thinking, bringing together the results they found and forming a whole.

**Number of Queued-up Calls (million)
and Response Rate (%)**



Call Response Speed (second)





Retail Activities

The Enerjisa Enerji Customer Solution Center monitors customer requests, complaints and information demands received from all channels and replies through preferred channels of customers.

703,220

APPLICATIONS TO THE SOLUTION CENTER

CUSTOMER SOLUTION CENTER

The Enerjisa Enerji Customer Solution Center monitors customer requests, complaints and information demands received from all channels and replies through preferred channels of customers.

Once The Customer Solution Center enters the customer applications into the SAP-CRM system, they are directly transferred to the relevant department over the system. After the check, the relevant department generates a solution for the issue and the description of the solution reaches the Solution Center over the system. The Solution Center converts the solution into a format which can be communicated to the customer, and informs the customer of the solution through their preferred channel of communication.

The Envision application is developed in the Solution Center, where application responses are prepared and all approval stages conducted digitally, and integrated with the SAP-CRM application, which serves as the customer database. As a result, the responses prepared in Envision are automatically added to the customer application in the CRM and promptly concluded.

While the follow-up of the applications made within the scope of the Personal Data Protection Law (KVKK) is carried out manually by the employees of the solution center, with the KVKK project, a case is triggered simultaneously in the system according to the content of the applications and the responses given in this context are first forwarded to the Legal Unit. With

the implementation of the project, the risk of administrative fines that may arise due to the inability to respond to requests within the scope of KVKK in a timely manner has been eliminated. The quality and security of personal data has been increased. Thus faulty data transfers was prevented. Information containing all kinds of personal data is transferred between departments over a closed system instead of an e-mail environment. To follow up customer applications, to control and report the current and past transactions regarding these applications were enabled.

In 2022, the Solution Center received 703,220 applications to be monitored and to be responded to. Of these applications, 98% were responded to within the targeted time frame. On average, the applications were completed in 3.4 business days.

CUSTOMER EXPERIENCE

The importance of "Customer Experience" as a concept is increasing at a pace in parallel with changing customer needs and behaviors. Since its establishment, Enerjisa Enerji has always prioritized customer satisfaction and service quality in its investments and strategies.

Placing its customers at the heart of its business model, Enerjisa Enerji develops exclusive services and products compatible with the digitalized world. The Company aims to provide the best service in energy supply by continuously improving these products and services.



Integrating customer satisfaction management into its internal policies, Enerjisa Enerji implements the ISO 10002 Customer Satisfaction Management System. Employees are trained within the scope of ISO 10002 in order to respond to customer expectations in the most appropriate and efficient manner.

Customer Experience teams of Enerjisa Enerji work in cooperation with internal stakeholders and customers to improve the interactions between customers and the Company. Before every improvement, the Company first receives feedback from its customer service employees and takes opinions of its customers by using research methods such as surveys and focus group studies, which can clearly reveal customer expectations. Relevant actions are planned according to the feedbacks.

Enerjisa Enerji manages the customer experience through 5 main journeys. These journeys and their scope are described below:

• **Sales Journey:** Within the scope of this journey, Enerjisa Enerji creates a journey map for the entire process, which includes pre-sale preparations in all sales channels, information sharing about the process through different channels, portfolio registration processes, and issuing bills to eligible consumers. The Company also plans actions to improve the quality of the service provided at the time of sales.

Main tasks of Customer Experience teams include measuring customer satisfaction at all stages of the journey, improving measurement results and communicating them with all teams.

• **Relocation Journey:** As part of this journey, Enerjisa Enerji maps customer journeys according to their experiences during subscription transactions and, plans process improvement actions according to the customer needs/expectations. Accordingly, cross functions within the Company carry out actions to improve the experience. Customer satisfaction results are monitored in all steps of the journey and the results are shared with the relevant functions.

• **Application and Request Management Journey:** This journey includes the creation of journey maps on receiving and following the customer requests and complaints, developing solutions and communicating the results to the customers. The improvement actions in these steps are planned and implemented with cross functions. All periodic and ad-hoc market research studies and the management and responsibility of the satisfaction measurement system are also within the scope of this journey.

• **Journey from Meter to Payment:** As part of this journey, Enerjisa Enerji carries out various analyses and studies from the moment the electricity meters of customers are read, to the moment when customer satisfaction is achieved. In this context, the steps involved in this

journey are creation of bills, payment reminders, payment processes, termination and litigation processes in case of non-payment, mapping all the steps through the eyes of the customer and determining the experience improvement actions, respectively. Satisfaction measurement and increasing satisfaction results are also the main topics of interest in this journey.

• Corporate Customer Experience

Journey: This journey refers to the creation of journey maps with cross functions for electricity and non-electricity services. In this scope, the Company deals with the creating the necessary infrastructure to examine the experiences of corporate customers, identifying areas open to development by creating customer journey maps and conducting improvement activities.

Enerjisa Enerji implements experience and process designs in every project which touches the customer. As part of its attempts to improve the customer experience and considering the impact of the pandemic the Company concentrated on digitalization and segment-based service strategies in 2022, and these efforts had a positive impact on customer satisfaction. In this regard, Enerjisa Enerji's customer experience vision has guided projects involving digitalization of relocation and application procedures, the expansion of payment channels and the improvement of the user experience in mobile applications and the digital channels.

Enerjisa Enerji conducted a total of 8 quantitative and 7 qualitative market research studies in 2022. They include;

- Research on Attitudes towards Electricity Production with Solar Energy
- Brand and Employee Image Research
- Sustainable Energy Service and Applications Communication Awareness and Material Test Research
- Corporate Customer Experience Research
- Sustainable Energy Service and Practices Satisfaction Research
- Application Process Research
- New Connection Process Research



Retail Activities

In 2022, Enerjisa Enerji launched a range of new projects in order to provide a better customer experience and improve its services.

Customer-Oriented Projects

In 2022, Enerjisa Enerji launched a range of new projects in order to provide a better customer experience and improve its services. Some of the projects are listed below:

Improvements in Sales and Operations Processes and Projects Contributing to Digital Transformation



Digital E.A.S.Y. (Increased Efficiency Sales Management): At the Sardis Awards, where innovative projects and marketing achievements in the finance sector are awarded, a first in the Customer Experience and Interaction category, the most suitable electrical energy sales offers were presented to customers via a digital contract, enabling the sales process to be completed with only one SMS approval. This project won the golden Sardis Award and was awarded in 2 different categories at the Titan Business Awards.*



Digital Identity Authentication (NFC)

Development: With NFC technology, it was ensured that the data in the identity document of the customers were accessed quickly in the field, authentication was performed and all the customer's information was transferred to the system in a complete and error-free manner. With this development, it is aimed to prevent potential illegal transactions.

Collective Offer and Contract Project:

It is aimed to transfer the sales contract to be signed by the customer to the digital environment and to print out the minimum number of documents and have the customers sign them. While signing contracts with fewer pages and signing contracts filled by the system with barcodes in accordance with the Company's brand image aims at customer satisfaction, it is also aimed to contribute to the Company's Sustainability goals by preventing paper waste. With the project, it was ensured that more than one contract was signed under a single contract. In addition, operational errors that may occur with the contracts received from the system have been prevented.

Easy Membership Project: Potential customers can join Enerjisa from anywhere, anytime by taking selfies and uploading their petitions via Enerjisa Mobile or Online Service Center. Thus, it has been ensured that membership registration processes can be completed quickly in the digital environment. It is aimed that customers whose membership registration has been completed can carry out all their transactions, including subscription, through digital channels.

E-Archive Approval via SMS Project:

Customers who have not yet switched to digital invoice experience can easily and quickly approve digital invoices via the link in the SMS sent to them.

Electronic Letter of Guarantee

Automation: System development has been made for customers who want to pay the security deposit electronically, and the physical letter delivery process has been digitized.



Equal Access Projects

The physical and digital service channels of the company are transformed into a structure where everyone can perform their transactions quickly and easily with barrier-free projects. As Enerjisa Enerji, we are aware of the difficulties faced by disabled customers in their daily lives, and we are working with the goal of "Equal Access for All". With these projects, it is aimed to make all services offered to customers through physical and digital channels more accessible to disabled customers and to carry out transactions easily and quickly.

5 main journeys

PLACING ITS CUSTOMERS AT THE HEART OF ITS BUSINESS MODEL, ENERJİSA ENERJİ MANAGES THE CUSTOMER EXPERIENCE THROUGH 5 MAIN JOURNEYS.



Improvements Made in Customer

Service Centers (MHM): Floor reliefs for hearing-impaired customers and contrast paints on the walls, thanks to customer representatives who speak sign language at 11 different MHMs; For customers with visual impairments or low vision, accessible MHMs have been created where all customers can easily receive service, such as disabled-friendly jet kiosks, disabled ramps, call buttons, wheelchairs and WCs specially designed for the disabled. As Enerjisa Enerji, we aim to make the lives of more customers easier by bringing these applications to other service points in the near future.

Visually Impaired Digital Project:

In line with the company's egalitarian vision, cooperation with Blindlook has facilitated the experience of visually impaired customers and it has been ensured that all transactions on digital channels are carried out with 100% audio simulation technology.



Barrier-Free Invoice Project: Taking into account the demands of visually impaired customers, embossed invoices were sent and the invoice was sent through the IVR channel. In addition, after customers call the Call Center once and make a request, they are marked in the system and their calls are prioritized for their next calls.

Retail Sales Agreement with Braille

Alphabet: Retail Sales Agreement and KVKK form were prepared in Braille alphabet consisting of embossed letters for the subscription transactions of visually impaired customers visiting MHMs.

Projects Providing Diversity in Payment Channels

In order to increase the diversity of banks and to provide more accessible service to customers, invoice payments made from different banks can be transmitted through contracted banks. In addition, the number of banks with Direct Debit System (DBS) agreements has been increased in line with the demands from customers, and studies are continuing for DBS integration with the other 2 banks.

*Titan Business Awards is an international awarding organization



Retail Activities

The results of the monthly quantitative Customer Satisfaction Score (CSAT) and the Net Promoter Score (NPS) are shared with all stakeholders by the Customer Experience Committee, which consists of the senior management.

+100,000
customer feedback

IN 2021, MORE THAN 100,000 CUSTOMER FEEDBACKS WERE COLLECTED PER MONTH WITH THE CUSTOMER EXPERIENCE MEASUREMENT SYSTEM.

CUSTOMER SATISFACTION MEASUREMENT

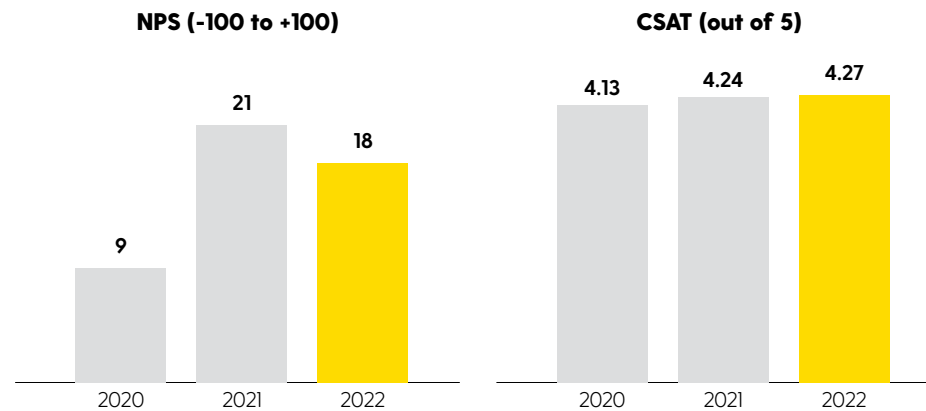
Customer satisfaction is measured regularly at Enerjisa Enerji. The results of the monthly quantitative Customer Satisfaction Score (CSAT) and the Net Promoter Score (NPS) are shared with all stakeholders by the Customer Experience Committee, which consists of the senior management.

The Company has implemented an end-to-end customer satisfaction model since 2018. Customer satisfaction is measured in five processes: sales, relocation, retail sales application management, distribution application management and meter-to-payment. In 2022, new contact points were added to the customer satisfaction measurement system, such as payment with IVR, application made through online transactions, become a customer, become a member. Customer satisfaction is measured in real time at 67 points of contact with customers.

In 2022, more than 100,000 customer feedbacks were collected per month with the customer experience measurement system. In accordance with these measurements, the results were analyzed, priority issues requiring resolution were identified and conceptualized as projects, and improvements were carried out in the processes highlighted by the customers.

The Net Promoter Score is measured by an independent research company and over 3,500 customers per month have been reached for NPS measurement.

Thanks to the initiatives launched to improve the customer experience, it managed to maintain the level of satisfaction in the Customer Satisfaction Survey and Net Promoter Score in 2022 as well.



ENERGY MANAGEMENT

TURKISH ELECTRICITY MARKET

Electricity trading processes in Türkiye are carried out by incumbent retail companies, other supply companies and electricity generation companies. The trading transactions are performed through bilateral agreements on Futures and Spot Markets.

Enerji Piyasaları İşletme A.Ş. (EPIAŞ) serves as the market operator. The Company operates the Day Ahead, Intraday, Electricity Futures Markets and the energy resource guarantee system (YEK-G), issues notifications for relevant market participants regarding their receivables/payables through the settlement procedures and manages eligible customer processes.

Türkiye Elektrik İletim A.Ş. (TEİAŞ) serves as the system operator. The Company carries out installation and management of electricity transmission system to ensure supply security and continuity, as well as organization and operation of Power Balancing Market and Ancillary Services Market.

TURKISH ELECTRICITY MARKET STRUCTURE

Settlement	Commodity	Time Horizon	Market	Operator
Physical	Power	Futures	Over the Counter (OTC)	
			VEP	
		Spot	Day-Ahead	
			Intraday	
	Certificate	Spot	Balancing Power	
			Ancillary Services	
Financial	Power	Futures	YEK-G	
			Over the Counter (OTC)	
			VIOP	

OTC: Over-the-Counter market

VEP: Electricity Futures Market

YEK-G: Renewable Energy Resource Guarantee Certificate

VIOP: Futures and Options Market



Retail Activities

A successful energy transformation is underway in Türkiye, where the main goals are set to provide supply security and reduce foreign dependency in electricity generation.

SUPPLY-DEMAND BALANCE & DEVELOPMENTS IN THE ELECTRICITY MARKET

Generation Capacity

A successful energy transformation is underway in Türkiye, where the main goals are set to provide supply security and reduce foreign dependency in electricity generation. The growth achieved in Türkiye in the installed capacity also continued in 2022 in line with the energy policies of the country and reached 103.8 GW in total, with 4 GW capacity installed throughout the year¹.

In 2022, approximately 0.8 GW, 0.7 GW, and 1.6 GW installed capacities from hydroelectric power plants (HEPP), wind power plants (WPP), and solar power plants, were commissioned respectively.

While the share of power plants using renewable resources in the installed capacity was around 53% in 2021, this increased to 54% in 2022². Türkiye ranks 12th worldwide and 5th in Europe in terms of its renewable resources' capacity. According to the current report, the ratio of renewable

energy resources in total generation capacity in Türkiye was above the average of the EU (52.2 %) and the world average (38.3 %)³.

Electricity Demand

The total gross electricity demand in Türkiye in 2022 decreased by 1.2% compared to the previous year and became 328.7 TWh⁴. Demand growth which was parallel to Türkiye's Gross Domestic Product growth, diverged negatively from Türkiye's Gross Domestic Product growth in the second half of the year.

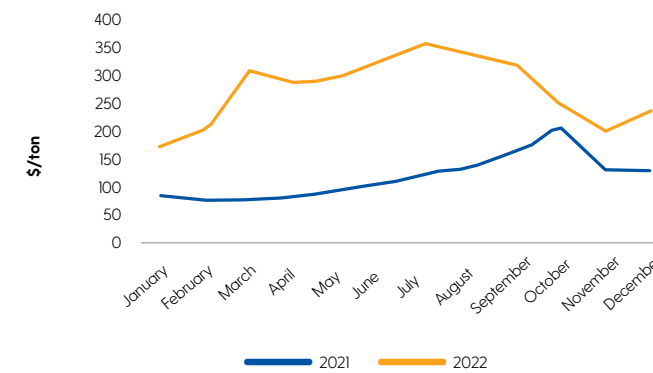
Electricity Prices

Commodity prices increased due to geopolitical tensions continued to rise with the Russia-Ukraine war. Marginal costs increased by 240% increase in imported coal prices (API2), 250% increase in natural gas prices (TTF) and 187% increase in dollar rate, increased the number of hours touching the market limits.

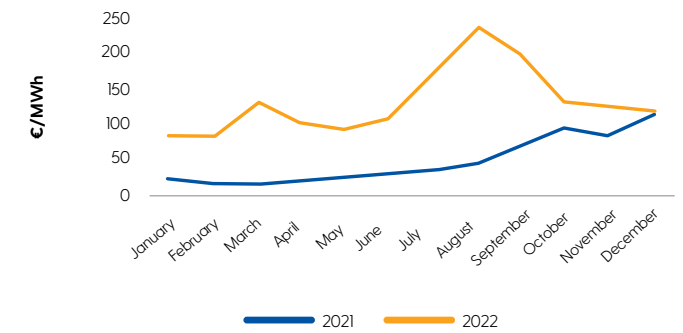
Türkiye was also affected by the global increase in commodity prices. The average market clearing price for 2022 increased by 394% compared to the previous year and became 2,510.7 TL/MWh. During 2022, the Market Clearing Price was stuck at the maximum limit in 2,001 hours out of a total of 8,760 hours (22.8%)

Until April 2022 the maximum price limit, not to exceed 2,000 TL/MWh, applied retrospectively as 3 times the average of market clearing prices formed in a certain period, was cancelled with the amendment made in the Procedures and Principles Regarding the Determination of Minimum and Maximum Price Limits in the Day-Ahead Market and Balancing Power Market. Instead of this, the maximum price limits began to be determined by EMRA. The maximum price limit for Day-Ahead Market and Balancing Power Market was determined as 2,500 TL/MWh in April, increased to 2,750 TL/MWh in May; 3,200 TL/MWh in June; 3,750 TL/MWh in July, and 4,000 TL/MWh in August. As of September, it was increased to 4,800 TL/MWh and remained at this level until the end of the year.

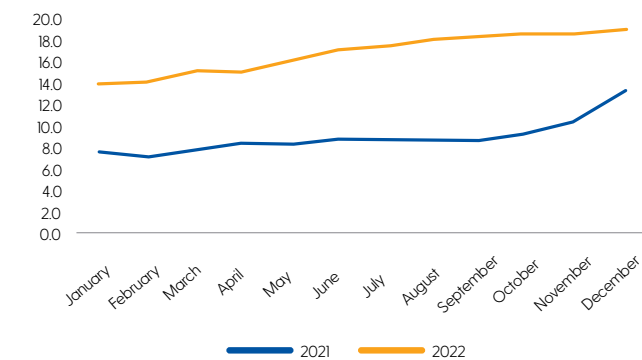
Import Coal (API2) Prices



USD Exchange Rate



Natural Gas (TTF) Prices



1 TEİAŞ Installed Capacity Report

2 Load Dispatcher Information System- teias.gov.tr

3 IRENA: Renewable capacity statistics 2022

4 TEİAŞ



Retail Activities

Enerjisa Enerji effectively manages the energy supply process, which has a significant importance for financial sustainability.

Other Highlights in 2022

Regulation on Certification and Support of Renewable Energy Resources was amended with the decision published in the Official Gazette dated March 1, 2022. With the amendment, in case FIT income is more than the total amount of the RES in a billing period, the payment obligation rate to be applied for regulated consumers will be calculated by taking into account the settlement amount of the relevant suppliers. As of February, the negative unit price which is expected to appear when FIT income is higher than the total value of the RES, was announced as “0” for eligible consumers.

As of April 1, 2022, it is planned to purchase 281.5 TWh of electrical energy from domestic coal, imported coal, natural gas and renewable energy power plants by EÜAŞ until the end of 2025 but the tender was cancelled.

As of April 1, 2022, Resource Based Price Cap application has been started. The purpose of this application is to determine the support price within the scope of security of supply and/or protection

of consumers due to the increase in commodity prices that are input to electrical energy production and/or in differences between resource costs in national or international markets. The maximum settlement price is determined for each resource and the selling price of each resource type is limited. FIT, EÜAŞ power plants and bilateral agreements proven to reach the end consumer are exempted from this scope.

EMRA made changes in the Procedures and Principles Regarding the Determination of Minimum and Maximum Price Limits in the Day-Ahead Market and Balancing Power Market in April and canceled the formula in which ceiling price of Market Clearing Price (MCP) is updated monthly. As of April, monthly ceiling price is updated by EMRA according to the market conditions by making changes in the Procedures and Principles. Previously, MCP ceiling price was applied as three times the 12-month MCP weighted averages starting from the calendar month two months ago based on the current calendar month.

According the Procedures and Principles Regarding Payments Not Made within the Scope of Unlicensed Production published in the Official Gazette dated June 15, 2022,

in case it is determined that the payment obligations of incumbent retail companies are not fully fulfilled, the net advance receivables of these companies from their transactions in the Day-Ahead and Intraday Market will be blocked by the Central Settlement Institution and the bilateral agreement notifications that are the basis for the settlement will be cancelled for a period not to exceed one year. In addition, in case the incumbent retail company becomes a party in the balance responsible group, the group will be disbanded or it will be removed from the balance responsible group and it will not be allowed to take place in a balance responsible group.

As of July, the Regulation regarding the incumbent retail companies not making advance payments to EPIAŞ partially or completely entered into force. Accordingly, as of July, incumbent retail companies did not make their daily advance payments to EPIAŞ for two months. In the September-October periods, the condition regarding non-payment of advances was reduced to 50% after that the decision was extended until the end of the year. Within the scope of this flexibility, incumbent retail companies paid all the daily advance payments they did not make to EPIAŞ with a total delay interest of 2.5% within 7 working days including the settlement date of the next month.

EÜAŞ started to sell electricity to incumbent retail companies over 1,100 TL/MWh as of August. It was anticipated that sales made in weekly updated quantities will continue until the end of December but the supply was terminated as of November 14.

It is aimed to increase the use of solar energy by consumers who cannot establish a production facility due to capacity constraints and location problems with the new Unlicensed Electricity Generation Regulation published in the Official Gazette dated August 11, 2022. In addition, it was decided that the surplus energy that can be sold can't exceed the consumption amount of the related consumption facility and productions exceeding that amount will be considered as a free contribution to FIT.

The implementation period of Cross Subsidy Mechanism completed at the end of September was extended until March 2023 and its second period started. In addition, EMRA made changes in the exemption and guarantee calculation formula for bilateral agreements. In the 2nd period, there was no change in the formula for natural gas and imported coal power plants, a new formula was determined for domestic coal power plants and the maximum settlement base price was updated. In addition, in case the final unit imported coal costs are over 255 USD/ton due to the effect of the coal price in its origin, the support price calculation was updated by adding the price

difference calculated by the formula to the maximum settlement price of the power plant on condition that the invoice for the imported coal supply is submitted.

As a result of the investments made in the storage area in the Natural Gas Market, great increases were observed in the underground storage capacity. While the total capacity of underground natural gas storages was 4,141 million m³ as of the end of 2021, it increased by 35% and reached 5,600 million m³ in 2022.

As of October, BOTAŞ tariffs were changed and 40% of monthly consumption is indexed to the average daily reference price (GRF) in the invoice price calculations of the stage-2 industry tariff. In addition, gold, aluminum, copper, boron, zinc, iron-steel, silver, chrome, lead, magnesium production, oil refinery and petrochemical sectors are all indexed to GRF as of October.

ENERGY MANAGEMENT AT ENERJİSA ENERJİ
Enerjisa Enerji effectively manages the energy supply process, which has a significant importance for financial sustainability. The Company has a pioneering role in the market with its flexible product supply model, robust risk management policy, information technologies infrastructure that sets an example in the sector and experienced human resources.

The aim of energy management at Enerjisa Enerji is to successfully carry out the entire energy supply process of the company's retail sales portfolio (regulated and free market) and to contribute to the sustainable and predictable profitability by effectively managing the risks related to the process.

Enerjisa Enerji supplies the electricity for regulated market sales primarily from Elektrik Üretim A.Ş. (EÜAŞ) and the portion above the capacity offered by EÜAŞ from the day-ahead market. The Company meets the electrical energy required by its eligible consumer portfolio from OTC, VEP, as well as the day-ahead and intraday markets.

Enerjisa Enerji continued its efforts in 2022 to increase the number of its active suppliers and product variety, develop competitive supply strategies and create value through an effective portfolio management. Active portfolio management was implemented in a way that will maximize the benefit of all stakeholders against the subsidy mechanisms and the increasing costs in the volatile energy market of the world and Türkiye. Energy management carried out the process dynamically by working in cooperation with product management and sales teams so that all stakeholders were least affected.



Retail Activities

In addition to supplying green energy to its customers, Enerjisa Enerji also uses green energy in its headquarters, customer services centers and distribution centers.



967,000 MWh

IN 2022, THE TOTAL VOLUME OF ELECTRICITY SUPPLIED FROM RENEWABLE ENERGY RESOURCES THROUGH BILATERAL AGREEMENTS REACHED 967,000 MWH.

GREEN ENERGY SUPPLY

In addition to supplying green energy to its customers, Enerjisa Enerji also uses green energy in its headquarters, customer services centers and distribution centers.

With the aim of contributing to environmental sustainability, the Company initiated the supply and sales of green energy certified by internationally accredited organizations in 2019.

Enerjisa Enerji sustained its activities to supply its energy from the power plants generating electricity from renewable resources throughout 2022. The Company significantly enhanced its renewable portfolio volume, signing bilateral agreements in order to supply electricity directly from the power plants that generate energy from renewable energy resources. In 2022, the total volume of electricity supplied from renewable energy resources through these agreements reached 967,000 MWh.

Besides supplying renewable energy, Enerjisa Enerji sold 480,000 MWh of green energy certificates to its eligible customers throughout 2022. With these certificates, the Company also supplied energy consumed in its own facilities in 2022 from renewable sources.

Enerjisa Enerji started to offer digital green energy certificate services to its customers with the YES Blockchain project implemented in 2022. With this project, renewable energy producers and consumers were brought together on a platform using blockchain technology, and hourly detail traceability of production and consumption data was provided.

In sales to its eligible customers, Enerjisa Enerji aims to supply a part of the energy from renewable resources in 2023.

RISK MANAGEMENT

Enerjisa Enerji develops strategies to effectively manage the risks posed by the uncertainty and volatility in the energy markets on the energy supply process. With its risk management policies, the Company aims to provide sustainable and predictable profitability and protect the value created as a result of its retail activities.

Enerjisa Enerji monitors its risk management under four main topics as part of the Company's approved risk policy:

- Price risk
- Volume risk
- FIT (Renewable Energy Resources Support Mechanism) risk
- Counterparty risk

Counterparty risks providing the energy supply remained important in 2022 as well as in 2021. In the meantime, under favour of the actions taken for the revision of the supplier selection criteria and the conditions in the supply contracts, there were no risks to the counterparties during the year.

Another risk item in focus in 2022 was the energy price risk arising from the volatility of the supplied energy price and the illiquidity in the Futures Energy Markets. This risk item was managed within the confidence intervals predicted by the application of dynamic portfolio principles by monitoring the factors affecting the portfolio position (such as supply price, production costs, volume deviations, regulation effects) with sensitivity analysis scenarios.

480,000 MWh

**GREEN ENERGY
CERTIFICATES SOLD**



Retail Activities

Investing in innovation to lead the New Energy World, Enerjisa Enerji explores new opportunities through a systematic innovation approach.

INNOVATION

Data analysis with advanced analytics allows companies to unlock greater efficiencies and gain strategic insights. The use of artificial intelligence to direct field workers remotely allows for prediction and prevention of problems, as well as swift and safe intervention during power outages.

We invest in innovation to lead the New Energy World. We explore new opportunities through a systematic innovation approach. Promoting a culture of innovation within the Company, our Innovation Department focuses on the enterprise ecosystem and establishes strong collaborations.

OPEN INNOVATION

We conduct various collaborations with technology start-ups, companies, technology development zones and universities on open innovation:

Collaborations with Technology Start-ups: We use three different models in our collaborations with technology start-ups to attract innovative ideas:

1. Developing new products or services to be used in our business areas by benefiting from the extensive knowledge and agility of start-ups in their areas of expertise.
2. Adding the products and services of start-ups to our portfolio and offering them to our customers, thereby building a channel between the product and the consumer.
3. Investing in start-ups.

Global Collaborations: We focus on offering innovative products and services to mass retail and corporate customers and boosting their digitalization processes with new technologies. In this regard, we engage in joint projects with companies conducting similar sectoral activities all over the world, especially in Europe and North America, and cooperate with acceleration programs hosting start-ups on an international scale. In this context, we have signed a cooperation initiative with the global innovation platform Plug and Play from Silicon Valley. Within the scope of the collaboration in question, we aim to accelerate the exchange of information and experience within the ecosystem, paving the way for project, cooperation and investment opportunities in the field.

Local Collaborations: In 2022, cooperation was established with the Entrepreneurial Institutions Platform. Within the scope of the platform, studies were initiated to hear about successful in-house entrepreneurship projects from their founders; come together with innovation managers and companies among member institutions that have been organizing intrapreneurship for many years, to share good practice and development suggestions; and to create a sub-community within the platform for entrepreneurs at the incubation stage.

Collaboration with Universities: Since 2017, as one of the main stakeholders, we continue to cooperate with İTÜ Çekirdek, the incubation center of İTÜ Arı Teknokent. In this context, a total of TL 200,000 grant support was given to the following initiatives selected from among the startups that made it to the finals at the Big Bang event held on December 8, 2022:

- **Eyes of Solar:** LED Lighting Fixture equipped with Artificial Intelligence
- **Energymint:** Energymint, a smart energy management system based on machine learning for the most efficient user-specific energy management, will feature among preeminent user-owned solutions in global energy crises in the future.

CORPORATE ENTREPRENEURSHIP AND INNOVATION PROGRAM: NAR

Our approach to innovation upholds employee participation. Our intrapreneurship and innovation program Nar, has been gathering innovative ideas for 9 years. The program provides a platform where employees can develop and implement innovative ideas within the context of the annual theme. Intrapreneurs are onboarded to the incubation phase upon receiving training on practical and theoretical entrepreneurship and design-oriented thinking within the scope of the accelerator program.



In 2022, we received 191 ideas from our employees within the scope of the year-specific theme "Developing Innovative and Commercializable Products, Services or Business Models conducive to End-to-End Improvement". At the accelerator phase of the 8th term of Nar held online, 6 ideas were approved, and the relevant teams completed their bootcamp entrepreneurship training and coaching sessions digitally. The six teams deemed eligible to continue made their online presentations to the final jury formed by members of the R&D and Innovation Committee, at the Investment Day event held in September 2022. All six initiatives were given the go ahead. Studies continued for 12 weeks with idea owners, comprising the implementation of minimum product application development, field and user tests, and calculation of basic marketing metrics for those ideas that received a positive evaluation at the Nar Investment Day. Consequently, 5 initiatives were deemed eligible for the Go Live event.

The initiatives endorsed within the framework of the NAR Program are as follows:

Automatic Meter Breaking Opening System (Otomatik Sayaç Kesme Açma Sistemi): Through the Automatic Meter Breaking Opening System (AMBOS), it is possible to remotely cut/open the automatic meter reading system panels only by adding a contactor.

My Mobile Energy (Mobil Enerjim): MIOTE is an artificial intelligence-supported maintenance assistant that learns continuously. It monitors your electrical devices, detecting abnormalities. It provides the end user with effective maintenance plans and energy consumption, instantly via the mobile application and the web.

I'm here - Defect Metering Relay (Buradayım - Arıza Metraj Rölesi): A relay that functions on the basis of the electromagnetic wave principle, and can detect point faults in energy transmission lines.

My Warranty is You (Garantim Sensin): A digital warranty tracking application incorporating a documentation and warning system, enabling execution of product warranty processes on a single platform, and swift access to warranty services.



Retail Activities

Organic Vehicle, an electric bicycle that derives its energy from the sun, can be used for options such as short distance transportation, fast and easy delivery, and cargo.

Organic Vehicle (Organik Taşıt):

Organic Vehicle, an electric bicycle that derives its energy from the sun, can be used for options such as short distance transportation, fast and easy delivery, and cargo.

Projects approved and works on which remain under way within the scope of the 7th Nar Program completed in 2022, are as follows:

Metaoda: It is a virtual reality-based climate change concept gamification project that brings us together with younger generations on the same platform, allowing us to pass on our vision of climate change and sustainability to new generations, and awarding younger generations the opportunity to learn by experience. Within the framework of the project, Enerjisa's quarterly Voices Among Us gathering was held in metaverse universe. At this closed circuit event held in online virtual world, the participants created their avatars, and experienced the projection of the metaverse universe.

Smart Screw in Cutting (Kesmede Akıllı

Vida - KAVİ): The Smart Screw in Cutting (SSIC) application in electricity meters, ensures prevention of illegal electricity usage through a damaged seal. Within the scope of the project, the application is being used actively at 57 operation centers specific to our distribution companies. Hence, we support the stepping up of the fight against illegal electricity consumption in the regions of our distribution companies, and we take a major step towards improving the payment methods of our customers.

TopraklaSA: With this device, the project aims to minimize occupational health and safety (OHS) risks by obviating the need for pole climbing and using a bucket vehicle during the local grounding process. Within the scope of this project, EMRA R&D Fund Application was made and approved. In this process, a contract has been signed with the supplier, and works are under way within the scope of the project plan.

Life Curtain (Can Perdesi): This product, which can cover pits and trenches and is easily transportable thanks to its foldability, will preclude life and property losses, and reduce OHS related risks. EMRA R&D Fund Application made within the scope of the project was approved. In this process, a contract has been signed with the supplier, and works remain under way within the scope of the project plan.

VENTURE CAPITAL FUND INVESTMENTS

We evaluate venture capital fund investments with a view to influencing the entrepreneurial ecosystem as an investor, gaining access to new technologies, new modes of doing business, and novel products, as well as information on venture investment processes.

In this context, we invested in Revo Capital Fund II. The magnitude of the fund, whose investors include International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), European Investment Fund (EIF), and the German Development Finance Institution (DEG), has reached EUR 90 million. Through this investment, we also aim to strengthen the technology startup ecosystem in Türkiye by offering business development opportunities to initiatives.





Customer Solutions

Developing customer-oriented alternative energy efficiency solutions, Enerjisa Enerji offers energy efficiency applications in the fields of waste heat recovery, heating, ventilation and air conditioning (HVAC), pressurized systems, electric engines and lighting.

Enerjisa Enerji attaches importance to meeting needs of its customers with sustainable and innovative solutions. In that vein, Enerjisa Müşteri Çözümleri A.Ş. was established in 2017 to conduct customer solutions activities.

In this context, since October 2020, Enerjisa Enerji has been offering end-to-end solutions in order to enhance energy efficiency and reduce carbon emissions of its corporate customers under the roof of “The Energy of My Work” (İşimin Enerjisi). Re-launch studies of The Energy of My Work were completed and the Brand was renewed in 2022. With its renewed

logo, discourse, and modern design world reflecting the Brand promise and bringing products to forefront; the web pages of The Energy of My Work were renewed in order to provide customers with a better user experience and to enable them to access the right information in the easiest way.

On the other hand, with the contributions of Adana Chamber of Industry and Adana Hacı Sabancı Organized Industrial Zone Presidency, the first event of The Energy of My Work Meetings was held in Adana. Under favour of this event; performance

and savings-oriented, nature-friendly products offered within the scope of The Energy of My Work were brought together with industrialists and business people. In addition, performance and efficiency-oriented products such as solar power plant and energy efficiency applications were promoted by participating in Antalya Hotel Equipment and Food Specialization, ITM 2022 International Textile Machinery and Antalya Hotel Technical Equipment and Materials expositions hosting domestic and international participants.

The Enerjisa Customer Solutions Portfolio

Renewable Energy Solutions with Distributed Generation	Energy Efficiency Applications	Green Energy	Cogeneration and Trigeneneration Solutions	E-Mobility
· Solar Power Plants (SPP)	· Lighting Conversion Projects · Process Efficiency Projects	· Renewable Energy Certificate · Carbon Reduction Certificate		· Eşarj

The Enerjisa Customer Solutions Dealers

Enerjisa Enerji sells solar power plant solution and energy efficiency applications in every region of Türkiye. In this context, energy solutions are offered to corporate customers through 6 agencies (İzmir, Diyarbakir, Konya, Van, İstanbul, Tekirdağ) in 15 different cities.

RENEWABLE ENERGY SOLUTIONS WITH DISTRIBUTED GENERATION

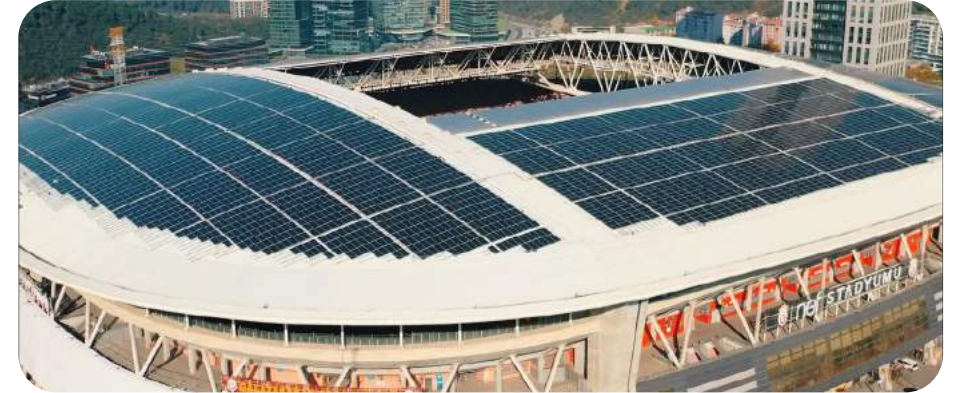
Achieving energy efficiency and the use of renewable energy resources supports the effort to combat climate crisis both in Türkiye and around the world. As part of its efforts in that vein, Enerjisa Enerji is also working on the decentralized distributed energy model in parallel with the centralized energy model.

Distributed generation refers to the generation of electricity through various technologies at or near the location where electricity is consumed and stored. Distributed generation contributes to achieving supply security in electricity generation, transmission and distribution, reducing losses and costs, decreasing foreign dependency and curbing greenhouse gas emissions. It also supports the preference for renewable energy resources and regional development.

Solar Power Plants

Enerjisa Enerji offers reliable solutions that considers specific requirements of its customers through innovative business and financial models in the field of solar power plants, where it deploys its financial and technical know-how.

Enerjisa Enerji Solar Power Plant (SPP) solutions, which can be applied to all industrial, commercial and public organizations and institutions, aim to reduce investment burden of its customers.



Enerjisa Enerji's SPP activities consist of the design, turnkey delivery and installation and maintenance and repair services.

In this context, in addition to administrative processes such as the permit and connection procedures, the Company provides professional engineering support, maintenance and repair services, guarantee for the performance and the product during the contract period. It offers end-to-end integrated solutions including energy storage, electrical vehicle charging in accordance with requirements.

As of the end of 2022, the total installed capacity of the solar power plants reached 24.2 MWp, with 1.5 MWp of this capacity under the self-consumption model. Enerjisa Enerji enabled prevention of 21,580 tons of CO₂ emissions through the solar power projects. The Company aims to increase the total solar capacity to over 250 MWp by the end of 2025.

A World Record by Enerjisa Enerji and Galatasaray

The commissioning ceremony of the solar power plant that started production in December 2021 was conducted at the press conference held with Galatasaray Sports Club in the first quarter of 2022. The solar power plant with a capacity of 4.2 MWp installed on the roof of Galatasaray

Nef Stadium by enerjisa enerji was entitled to enter the Guinness book of records. The project implemented with Brisa won the Energy Efficiency Award within the scope of the 1st Energy Efficiency Awards held at the Factories Producing their Energy Summit in 2022.

In 2022, the tender for the Construction, Installation and Operation of SPP with a power of 5.8 MWp with the Revenue Sharing Model was won for the land of Eyüpsultan Municipality. Thus, Eyüpsultan Municipality is expected to reduce its CO₂ emissions by 3,617 tons per year with SPP planned to be operational in 2023.

Another tender won in 2022 was made with the Siverek Municipality for the construction, installation and operation of 1,147 MWp electricity production power plant construction, installation and operation within the scope of a 5 -year income sharing model tender. With the SPP to be installed, it is expected to provide an annual reduce of 1,144 tons of CO₂ emissions.

Within the scope of the cooperation with Çimsa (another Sabancı Group company), an agreement was made for the construction of a 3.4 MWp solar power plant at Afyon Cement facility. Çimsa is expected to reduce its CO₂ emissions by 2,293 tons per year with SPP planned to be operational in 2023.



Customer Solutions

Enerjisa Enerji implemented the LED conversion of 30,300 fixtures with 31 projects as of the end of 2022.

8,200 MWh

ENERGY SAVING

4,560 tons

CO₂ EMISSION REDUCTION

In 2022, the installation of the Sabancı University assembly GES power plant, which has an additional GES capacity with 1.2 MWP and Uşak ceramics and 18.6 MWP lands, was accepted. After these power plants are commissioned, a total of 19,350 tons of CO₂ emission reduction is expected to reduce.

ENERGY EFFICIENCY APPLICATIONS

Enerjisa Enerji develops customer-oriented alternative energy efficiency solutions. The Company offers energy efficiency applications with the energy performance contract (ESCO Energy Service Company/ EPC-Energy Performance Contract) model, particularly in the fields of waste heat recovery, heating, ventilation and air conditioning (HVAC), pressurized systems, electric engines and lighting.

With this model Enerjisa Enerji performs energy audits of the facilities, offers solutions, designs and implements them. At the same time, by financing entire or a part of the investment, Enerjisa Enerji creates a payment model based on the anticipated savings within the Energy Performance Contract Model and guarantees the performance of the replaced equipment or the equipment modified to be efficient. Thus, a performance-guaranteed saving is achieved.

• **Lighting Conversion Projects:** Enerjisa Enerji aims to increase the energy efficiency of its customers through LED conversion projects. Within the scope of EPC model, the Company implemented the LED conversion of 30,300 fixtures with 31 projects as of the end of 2022. The projects carried out delivered a total of 8,200 MWh in energy savings, reducing CO₂ emissions by 4,560 tons.

In 2022, 10,600 fixtures were converted to LED in 18 projects with EPC model. These projects delivered 2,820 MWh in energy savings, reducing CO₂ emissions by 1,565 tons.

The lighting conversions of 7 Teknosa stores and 11 Carrefoursa hypermarkets in different locations of Türkiye were achieved in 2022. In these stores, electricity consumption due to lighting was significantly reduced while brightness level was increased thus comfort conditions were improved for both employees and customers. A total of 140 MWh annual savings and 80 tons of CO₂ emission reductions were achieved in Teknosa stores and a total of 4,300 MWh annual savings and 2,400 tons of CO₂ emission reductions were achieved in Carrefoursa stores. Apart from the Sabancı Group, lighting conversion was achieved in the 3M factory as an industrial facility. With this conversion, 100 tons of CO₂ emissions were prevented and 180 MWh of electricity was saved.

• **Process Efficiency Projects:** Enerjisa Enerji implemented a project with Brisa one of the Sabancı Group Companies to ensure waste heat recovery and to reduce the natural gas-based energy consumption of the facility with the help of heat recovery equipment in 2022. The project will save 107,300 m³ natural gas energy per year. In addition, in 2022, thanks to heat pump projects in Brisa's İzmit and Aksaray factories, agreements were signed to reduce the natural gas consumption of the facility. Thanks to the projects to be commissioned in 2023, a total of 5,044,000 m³ natural gas energy savings are expected to save annually. The Company aims to increase the number of energy efficiency projects based on the EPC model for industrial processes in 2023 and beyond.

GREEN ENERGY

Green energy refers to the energy generated from renewable energy resources, which can be certified by accredited organizations with international validity and, be reported transparently. Enerjisa Enerji's customers may reduce or neutralize their greenhouse gas emissions resulting from electricity consumption with two types of certificates.

• **Renewable Energy Certificate (REC):** The Renewable Energy Certificate represents the property rights to the environmental, social and non-power properties of the renewable electricity energy, and is a market-based instrument which proves that the bearer of the certificate owns one (1) megawatt-hour (MWh) of electricity generated from a renewable energy resource, and delivered to a grid. In this context, Enerjisa Enerji sold 480,000 MWh of Renewable Energy Certificates in 2022.

• **Carbon Reduction Certificate:** The Carbon Reduction Certificate is a type of credit owned by a real or legal person (a business/plant which generates energy from renewable energy resources), that is standardized, which can be traded and can be expressed in metric tons of CO₂.

COGENERATION AND TRIGENERATION SOLUTIONS

The efficiency offered by the Cogeneration (CHP-Combined heat and power) and Trigeneration (CCHP-Combined cooling, heat and power) systems, which are installed as turnkey projects, significantly reduces total energy costs. Carbon emissions are reduced as a result of the reduction in primary energy consumption.

Enerjisa Enerji offers turnkey services for both systems, and presents financial solutions which will ease the investment burden on customers.

In this context, these solutions are provided with the Cogeneration and Trigeneration plants with a total installed capacity of 3.8 MWe at Sabancı University, Hilton Adana and Hilton Ankara locations. The efficiency achieved with these plants will prevent more than 30,000 tons of CO₂ emissions over the course of 10 years.

ENERGY MONITORING

Enerjisa Enerji becomes a 360-degree solution partner in the energy field by gathering customer requirements under one roof. Energy Monitoring & Management Platform (Platform) enables customers to monitor their businesses in real time at all stages from energy generation to consumption with Internet of Things (IoT) infrastructure and transform their data into information with advanced Artificial Intelligence (AI) methods.

Customers manage the energy consumed in their businesses that are located at one or more points via Platform. Consumptions can be monitored on a device basis, comparative reporting can be made between locations, and the control of energy expenses can be managed with preferences that can be customized according to location.

Enerjisa Enerji manages the entire process related to the Platform from beginning to end by analyzing customers' requirements beginning with exploration visit to businesses, providing necessary equipment and software support and carrying out the installation and commissioning processes. The Company provides periodic maintenance and repair services for both equipment and software and stands by its customers throughout the entire contract period.





Customer Solutions

Eşarj acquisition is aimed at establishing a national charging station network and operating system, hence providing charging solutions with a wide product range to all customers across the country.

e-Mobility: Eşarj

Enerjisa Enerji encourages widespread use of highly efficient electric vehicles in order to contribute to a low-carbon ecosystem. To that end, the Company actively explores opportunities in innovative business areas such as electric vehicle charging stations, electricity storage systems, smart home technologies, and systems that help consumers generate their own electricity.

In this framework, Enerjisa Müşteri Çözümleri A.Ş. acquired an 80% stake in Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj) in 2018, thereby becoming the controlling shareholder of the company. In December 2021, Enerjisa Müşteri Çözümleri A.Ş. acquired a 14% minority stake in Eşarj, hence raising its stake from 80% to 94%.

Eşarj acquisition is aimed at establishing a national charging station network and operating system, hence providing charging solutions with a wide product range to all customers across the country. Eşarj aims to contribute to the quality of Türkiye's infrastructure, accelerate the transition to ultra-fast charging stations, and further step up its contribution to green transformation with solar and battery integrated systems.

Eşarj boasts Türkiye's first and fastest electric vehicle station network with 788 charging plugs, 520 of which are fast charge units, at 422 public points as of year-end 2022. Moreover, with the electricity used for vehicle charging at all its public stations awarded the International Renewable Energy Certificate (I-REC) as of July 1, 2020, Eşarj raises its contribution to carbon emissions reduction with an expanding network.

e-Mobility Market

The e-Mobility market, which has revolutionized the automotive, fuel and infrastructure industries, sustains its vigorous growth in Türkiye as in the whole world. Prior to the United Nations Climate Change Conference (COP26) held in Glasgow, Türkiye declared its goal of creating a carbon-neutral ecosystem by 2053. Another pledge made by Türkiye in Glasgow, along with more than 100 countries, cities and automobile manufacturers, is that all new automobile and van sales will consist of zero emission vehicles by 2040.

In line with this national goal, the Turkish e-Mobility market is expected to evolve from early development towards a developed market structure in the upcoming period. The electric vehicle park in Türkiye exceeded 11,500 vehicles as of year-end 2022. The market is expected to generate exponential growth in the coming years. The Ministry of Industry and Technology forecasts between 1.5 million to 2.5 million electric vehicles on the roads in 2030.

In Türkiye, there is a plethora of domestic and foreign brands manufacturing and selling passenger cars, buses, minibuses, trucks, tractors and boats running on 100% electric power. Based on the future projections of these brands, it is evident that sound and rapid development of the charging station infrastructure tops the roster of priorities and critical considerations.

Eşarj's Objectives

- To provide customer experience-oriented charging solutions to all users across the country via a national station network and operating system,
- To contribute to infrastructure work from a technical, administrative and legislative perspective,
- To address diverse charging unit needs with a wide product range,
- To install charging units at the points requested by customers and investors.

Eşarj's Vision

- To deliver technology-oriented e-Mobility solutions, consistent with its mission of establishing a sustainable, innovative, environmentally friendly and electrified future,
- To continuously develop and improve product and service quality in line with customer expectations,
- To ensure product and solution diversity with a technology- and software-focused approach,
- To protect the environment and ensure widespread implementation of solutions reducing carbon emissions,
- To support the country's efforts to ease economic and strategic dependence on imports in the field of energy.

Eşarj's Revenue Areas

- Providing charging services to electric vehicle users at publicly operated Eşarj stations,
- Testing, training, commissioning and installation of residential and workplace charging stations,
- Delivering after-sales maintenance, repair services and technical support at residential, workplace and public/ commercial charging stations,
- Developing software solutions and platforms to serve diverse industry players.

Key developments of 2022 are summarized below:

- EMRA's "Charging Service Regulation" was published in the Official Gazette. Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. obtained a charging network operator license valid for 49 years from EMRA.
- T.R. Ministry of Industry and Technology announced a fast charging station grant call for electric vehicles. Accordingly, the total grant to be provided for the installation of 1,560 charging stations in 81 provinces was announced as TL 300 million. Up to 60% grant support was announced for machinery and equipment in the investment; an additional 20% for units of 120 kW and above; and

a further 20% support if the charging units had a minimum of 25% domestic product certificate. The upper limit of the support rate for the total investment was set at 75%, while that for the grant was determined as TL 250,000. In case of a need for infrastructure, 30% machinery and equipment support for the distribution transformer was provided, for up to TL 30,000.

- Eşarj was entitled to establish 495 high-speed charging stations in 53 provinces within the scope of the "Fast Charging Stations for Electric Vehicles Program" initiated by the Ministry of Industry and Technology, to establish the charging infrastructure of electric vehicles in Türkiye.
- **Stellantis Collaboration:** The cooperation agreement signed by Eşarj with Stellantis, a leading global automobile manufacturer and mobility provider, covers more than 200 stations including the automotive dealers of Peugeot, Citroën, Opel, and DS brands in 43 cities of Türkiye, as well as the Eurorepar Car Service points, which are under the Stellantis roof, and offer maintenance and repair services to all vehicle brands. Thanks to this cooperation, installations were completed at both dealer parking lots and other Stellantis businesses. With this partnership, an accessible and public charging network has been established for Eşarj, which offers tailor-made solutions to its customers, and Stellantis customers.



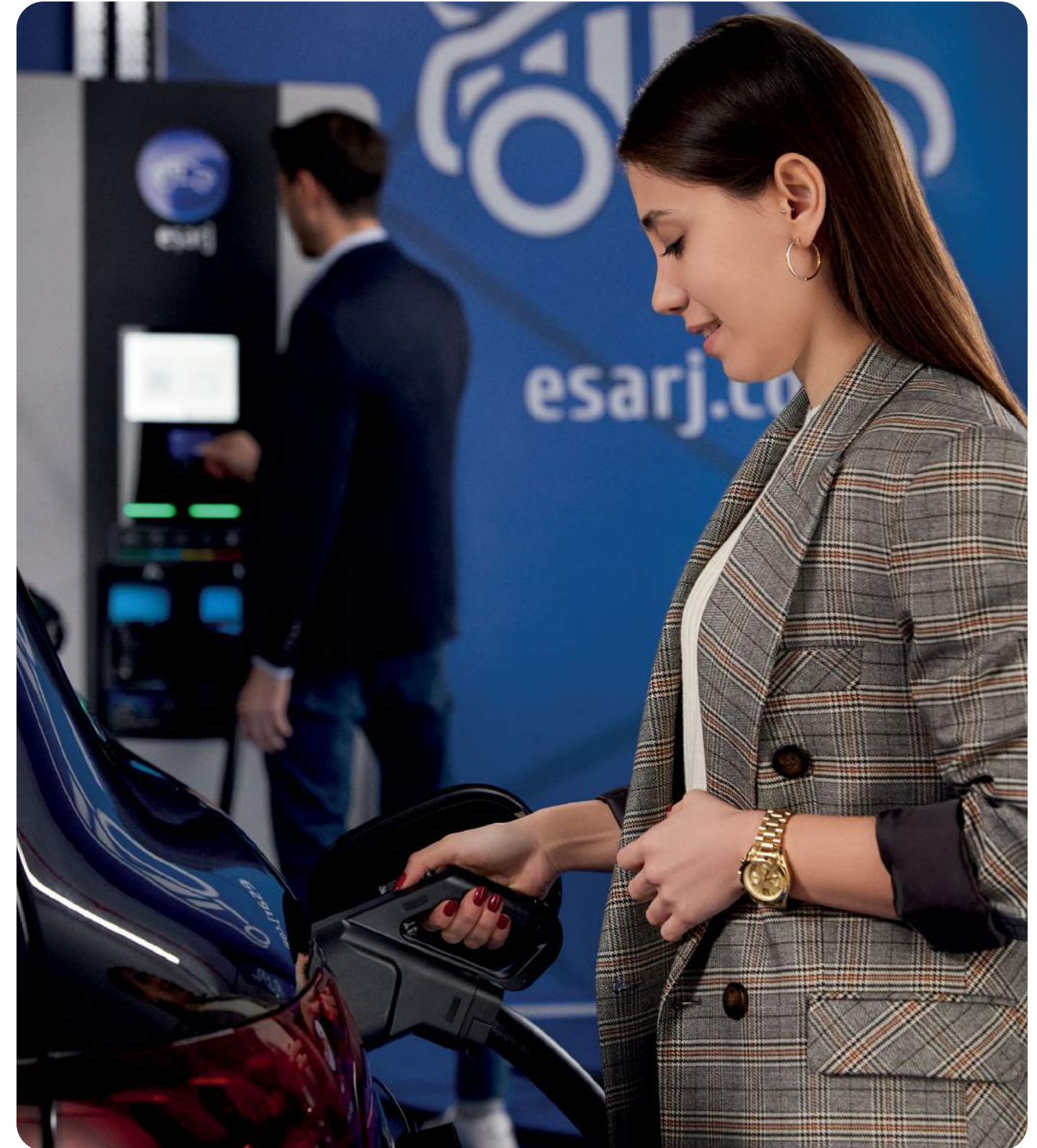
Customer Solutions

Eşarj was entitled to establish 495 high-speed charging stations in 53 provinces within the scope of the “Fast Charging Stations for Electric Vehicles Program” initiated by the Ministry of Industry and Technology, to establish the charging infrastructure of electric vehicles in Türkiye.

Electric vehicle park

The electric vehicle park in Türkiye exceeded 11,500 vehicles as of year-end 2022. It is predicted that the electric vehicle park in Türkiye will increase to 40,000 – 50,000 in 2023.

- **Kadoil Collaboration:** Eşarj extended its service network through a cooperation agreement it signed with Kadoil, which offers fuel and LPG to its customers through more than 600 dealers across Türkiye. Within the framework of this agreement, Eşarj aims to reach 100 charging stations in 50 cities.
- With an amendment to charging service regulations, charging network operators were awarded the right to enter into a loyalty agreement with vehicle users; and vehicle users to receive charging services at up to 20% discount.
- **Automotive Brand Collaborations:** Citroën Türkiye (ë-C4), Peugeot Türkiye (e-2008), and Opel Türkiye (Corsa-e and Mokka-e) presented those customers who purchased the respective products (in parentheses) with a wallbox and charging at no cost for 1 year at Eşarj points, for the launch. With this support worth TL 20,000, the requirement of a user who makes about 15,000 km per year on average is met. Eşarj's rate of participation represents 12.5% of the total amount per vehicle.
- **Visa Collaboration:** At all Eşarj stations open to the public, Visa's new generation card storage infrastructure “Visa One Click Payment” was put into use. With this collaboration and the improvements made in the mobile application, a better digital payment experience was envisaged through comfortable, secure, easy, and smart user interfaces, and an infrastructure integrated with new devices and technologies; as well as an increase in number of transactions. The development of the collaboration through different customer campaigns was also decided.
- **Eşarj and CarrefourSA Electric Vehicle Charging Station Collaboration:** Eşarj engaged in collaboration with CarrefourSA to establish charging stations at supermarket parking lots. Having installed DC charging stations in 8 new points in 2022, Eşarj raised its locations of collaboration with CarrefourSA to 11.
- **Brisa Collaboration:** The number of stations established through Eşarj – Brisa cooperation throughout Türkiye increased to 27 in 2022, with 16 new charging stations installed within the year.
- **Hilton Collaboration:** The number of charging stations established throughout Türkiye as a result of Eşarj – Hilton collaboration increased to 8, with 4 new DC charging stations installed in 2022.





PEOPLE AND CULTURE

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AND CULTURE PROCESSES



Working at Enerjisa

Enerjisa Enerji ranked 3rd on a global basis in terms of number of awards received with 68 awards in 2022 from prestigious international award programs with its HR practices.

**~12 THOUSAND
EMPLOYEES**

**35.4
AVERAGE AGE**

**6.3 years
AVERAGE SENIORITY**

Resting at the core of the business at Enerjisa Enerji, people are the foremost power behind the sustainability transformation. Investments are made to recruit and retain talented people, and the effects of talent management programs are measured.

Considering each of its over 11,000 employees spanning four different generations across 14 provinces as a "Talent", Enerjisa Enerji acts with the vision of being the most preferred employer in the Energy sector, ranking among the top 15 companies in all sectors, and complying with the Future of Work.

Enerjisa Enerji's People and Culture practices are designed to:

- Create a purposeful working environment that cultivates a positive organizational climate, communication and culture,
- Develop leaders and sound management practices,

- Offer a wide range of opportunities to all of its potential and existing employees, based on unequivocal equality in all People and Culture processes,
- Create training and development opportunities that offer diverse growth and career advancement possibilities,
- Solidify its employer brand to attract and retain talent,
- Aim for organizational excellence to maximize stakeholder loyalty and satisfaction.

Enerjisa Enerji garnered 68 awards in 2022 from prestigious international award programs with its People and Culture practices. In terms of number of awards received, Enerjisa Enerji ranked first among Turkish companies and 3rd on a global basis at the International Stevie Awards for Great Employers, and 2nd at the Globee Awards on a global basis.

"Adapting to the Future of Work" Approach

Enerjisa Enerji prepares to the future of work today by providing opportunities to its employees to reflect their potential in the best and most appropriate manner to their jobs, thereby developing existing potential, as well as attracting the best talent to the organization.

With its "Adapting to the Future of Work" activities initiated in 2020, Enerjisa Enerji aims to shape the future of work together with its employees, considering the principles of the new workplace in 7 fundamental dimensions, defined from a holistic perspective. These activities were supported by a number of workshops, one-on-one interviews and

surveys, with broad participation from all levels. Within the scope of Adapting to the Future of Work, Enerjisa Enerji implemented 77 prioritized actions with the motto #OntheRoadtotheFuture! (#GeleceğinYolunda!), including, most notably, updates to the scope and execution details of work models, and support packages suited to diverse work models.

Adapting to the Future of Work



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Remote Work: In 2022, the remote working practice in effect for different working groups was expanded and reviewed to address diverse needs. To facilitate remote work, the Company provided amenities such as ergonomics support, inventory, and communication packages.

Physical and Mental Health: In order to support the wellness of its employees, Enerjisa Enerji provided access to a wellness application, where experts conduct live classes on subjects such as fitness, mindfulness, pilates, yoga, and nutrition. This application, actively being used by more than 1,000 of the employees, is open to employees' family members

as well. In the feed-back questionnaires conducted, a major percentage of the employees expressed their satisfaction with the good living practices. In 2022, Enerjisa Enerji published the Meeting Culture Manifesto, which enables employees to better manage their time with improved concentration, while initiating the practice of meeting-free working hours. The Company established the Enerjisa Sports and Esports Clubs to make it possible to have fun while working and to support the employer brand. In 2022, more than 1,000 employees applied to Enerjisa Sports Clubs, which include swimming, running, basketball and e-sport branches, and represent the Company in external tournaments. Sports

and esports club teams, formed as a result of evaluation processes conducted in the presence of expert coaches, crowned their achievements with medals in tournaments. Enerjisa Enerji staff won a total of 219 medals in swimming, running, basketball, and esport branches.

Flexible Workforce and High Performance: The minimum and maximum performance bonus ratio was updated in order to encourage high performance. Recognition and appraisal practices, used to celebrate special days and to reinforce interactions among employees, were reviewed and updated. Practices allowing instant recognition and rewarding of teams by their managers were put into effect.



Working at Enerjisa

Virtual meetings are being held at Enerjisa Enerji on subjects such as agility, self-awareness, and social gender equality, to which all employees are invited.

Talent and Skill Management: In 2021, segmentation, effort and efficiency studies were conducted with the Helios project in our retail companies, ABC project in our distribution companies, and Elpis project in our Technology function. Following these studies, Strategic Workforce Management project was initiated in 2022. Strategic Workforce project enabled the usage of advanced data analytics to identify skill families and define desired skill groups; and build a workforce demand and supply model with different scenarios to track talent shortfalls. Strategic Workforce Planning is a digital and analytical tool paving the way for efficient and integrated management of People and Culture. Data analytics are being used in recruitment processes at Enerjisa Enerji since 2020 through an end-to-end digital recruitment and orientation platform. The young talent recruitment and internship programs, aimed at talent acquisition in diverse lines of work, were continued in 2022 as well. In this framework, the 6th term (first term held in 2016-2017 training period) of the Enter Program was initiated at the Distribution business line, while Retail-X and I-Talent were launched at the Retail business line and the Technology function, respectively. In order to offer equal opportunities to all employees, and support talent-skill development, white collar job adverts were opened for application to all current employees in 2022.

Future Leadership: In order for employees at all management levels to be equally knowledgeable about the Company's strategies and future term plans, and to be able to reflect the Enerjisa culture to their respective teams, Leaders Summit is being organized on an annual basis. With CEO Live Streams made every 3 months, all employees gain access to information on Enerjisa's current state, and are given the opportunity to ask questions to the CEO. All Enerjisa leaders are provided with training and development opportunities that support the leadership of the future, such as holistic well-being, remote leadership to teams, and social gender equality.

Purpose Driven Organization and Culture: Adaptation to the future of work is considered a cultural change. With the attendance of employees from various levels and meetings held with the senior

management, the desired culture has been defined and communicated to the employees. Employment of disabled candidates is being encouraged with personal development programs through EN-Biz project. With focus group studies put into practice, employees with disabilities are listened to and their job processes are reviewed with this focus. In order to maximize the quality and inclusiveness of the services it delivers to its customers, Enerjisa Enerji provides applied sign language training to its employees, and trains all its security employees on attitude and behavior towards the disabled, within the framework of the Equal Access Project. In order for working environments to be accessible at all points, physical developments are being introduced. Since the beginning of 2021, virtual meetings are being held at Enerjisa Enerji on subjects such as agility, self-awareness, and social gender equality, to which all employees are invited.



Digital, Data-Oriented and Agile Organization:

The scope of the Data Marathon, which is being held online to develop a solution for a given business problem using machine learning, artificial intelligence and data science methods, was expanded in 2022. Digitalization works in people and culture processes were expedited within the framework of People and Culture-Connect project, with a view to improving the end-to-end employee experience. Agile teams continued to be created, with 60 teams having completed their transformation. With the Meta/Or project, the Company aimed for newly recruited employees receiving orientation training in metaverse to discover the world of Enerjisa, get together with Enerjisa employees at different locations and enrich their synergy experiences, and with a post-training site survey session, discover the SCADA center and Customer Services Center - two key constituents of field operations - and operations therein.

Diversity, Equity and Inclusion

Within the framework of its Sustainability approach, Enerjisa Enerji minds its impact for society, and identifies diversity, equity, and inclusion as a key focus area. Enerjisa Enerji is committed to an inclusive work environment, incorporating diversity and presenting equal opportunities to everyone, consistent with the Diversity, Equity and Inclusion policy it issued. The Company observes that diversity enriches and increases the efficiency of decision-making processes; and that equality and inclusivity are human rights, and they reinforce stakeholder commitment.

All actions by the Company are carried out in compliance with the legal regulations in effect and Enerjisa Enerji's Code of Conduct (Enefik 2.0). Enerjisa Enerji informs all its employees and third parties on its working principles through its Code of Conduct, Human Rights Policy, Human Resources Policy and Diversity and Inclusion Policies. It strives to reflect this approach in all areas, from office working environments to orientation programs.

Providing equal opportunities in all its processes, Enerjisa Enerji is committed to preventing discrimination. Employees are not discriminated against on the basis of language, religion, nationality, race, ethnicity, age, gender, sexual orientation, marital status, health, disability, political view, union membership or similar reasons. In the same vein, Enerjisa Diversity, Equity and Inclusion Committee ensures that employees report any actions that may be described as discrimination and abuse, in accordance with the principles of confidentiality, and that necessary measures are taken to address such matters.

The relevant strategy was devised by the Enerjisa Enerji Diversity, Equity and Inclusion Committee, founded in 2022, and persons in charge of action taking are designated and monitored. Head of Sustainability and Corporate Capabilities is responsible for initiatives regarding diversity, equality and inclusivity, and is the committee's chairperson. Decisions and actions approved by this committee are reported by the committee chairperson to the Sustainability Executive Committee.

Diversity, equality and inclusion platform, founded to provide equal opportunities to everyone in business life, structures its works within the context of "Not Without You", under the "Not Without Equality", "Not Without Youth" and "Not Without People Challenging Disabilities" groups.* Works under these titles aimed at the youth, disabled individuals and the entire society remain under way, and their efficiency is regularly followed up.

In 2022, awareness activities and trainings were conducted on Social Gender Equality within the context of "Not Without Equality". In addition, collaborations were formed on the projects of institutions working in the field of women's empowerment. Within the framework of "Not Without Youth", on the other hand, young individuals were met with in high school, university and various Non-Governmental Organization events, with a view to contributing to their personal development. With 3 different talent

programs held by Enerjisa, high potential youth with distinctive competencies were admitted to our Company. With the outcomes of the focus groups formed with employees within the context of "Not Without People Challenging Disabilities", business processes are being reviewed. In order to overcome obstacles in recruitment interviews, People and Culture get together with trainers, and employees are supported through enhancement of communication accessibility. Projects on physical and digital accessibility intended both for employees and customers continue within the Company.

Enerjisa Enerji upholds gender equality in all processes beginning from recruitment processes. Enerjisa Enerji's approach to diversity is not confined to gender. The Company also encourages age diversity and generational differences as a means of enabling employees to learn from each other.

- Of the newly recruited employees in 2022, 65% are below the age of 30, and 35% in between 30 and 49.
- While 25% of the employees are below the age of 30, 72% are in between 30 and 49.
- 51% of the employees have been with Enerjisa Enerji for 5 to 10 years.
- Persons with disabilities are encouraged to participate in social and economic life in equal terms. The total number of disabled employees is 337 as of 2022, above the legal requirement.

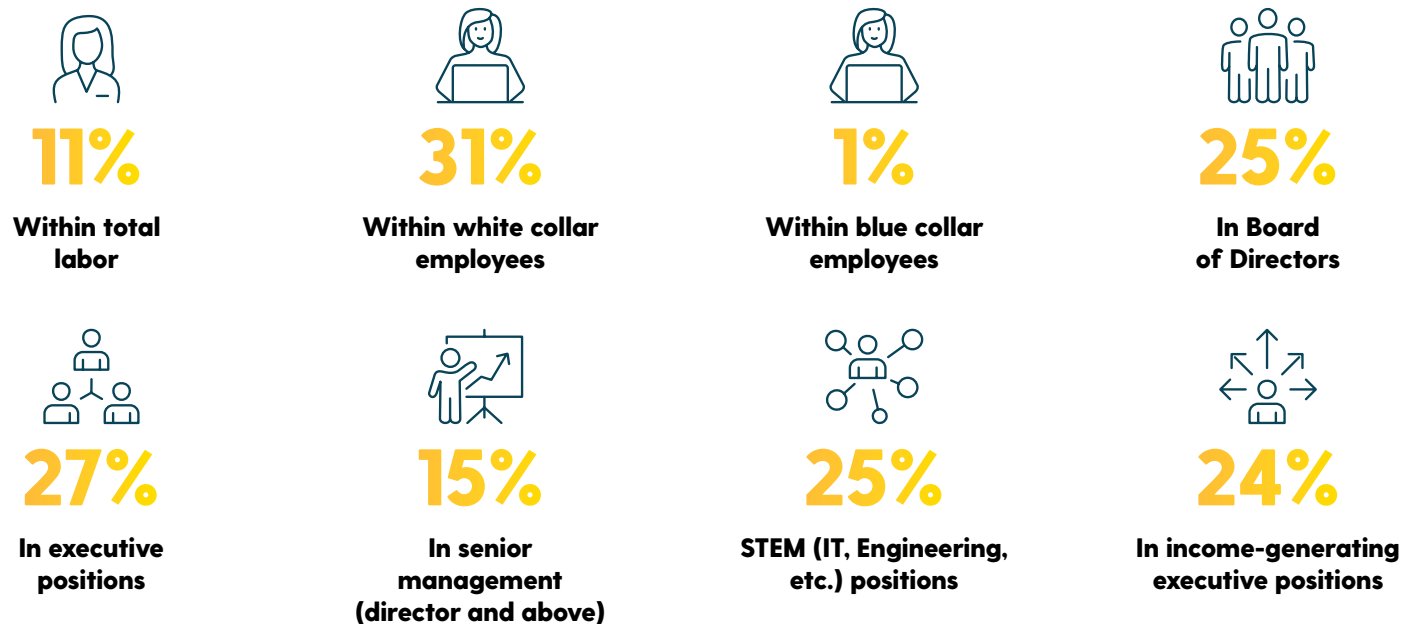
Enerjisa Enerji, which issued its Diversity and Inclusion Policy, offers fair and equal opportunities to all its employees, candidates, business partners, within the framework of business processes and value chain. To that end, all white collar job adverts are open for application to the Company's current employees as well. In addition, the Company is cognizant of its area of influence and responsibilities in terms of creating a positive impact in the realm of human rights across society.



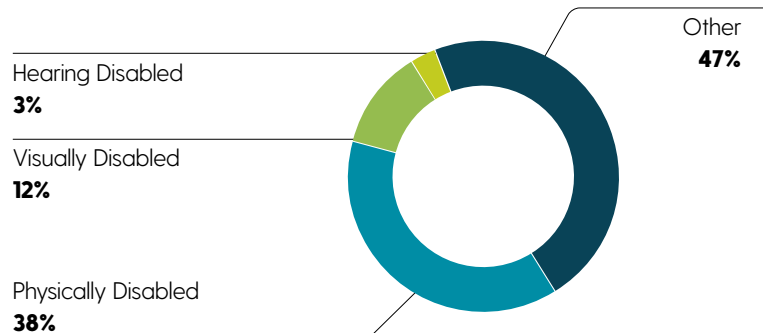
Working at Enerjisa

The objective of increasing female employment was added to function-based objective cards; monitored throughout 2022; and requisite actions were taken.

Women Employment Statistics



Employee Distribution by Disability



Freedom of Expression and Right to Association

Enerjisa Enerji respects its employees' freedom of expression, and does not tolerate any conduct that obstructs the exercise of this freedom. Moreover, the Company supports the right to unionize under applicable legislation.

The Collective Labor Agreement (CLA) was signed between Enerjisa Enerji distribution companies and TES-İŞ Union (Turkish Energy, Water and Gas Workers' Union) to be in effect for 3 years (01.03.2021-29.02.2024). Within the scope of the stated CLA, 7,810 blue collar employees' pay and working terms were designated in accordance with the CLA provisions in effect.

As of July 2022, on a member count basis, TES-İŞ Union is Türkiye's eighth largest and the energy business line's biggest union with 69,650 (27.47%) members.

Talent Acquisition

Through digital orientation Meta/Or, which starts prior to new Enerjisa recruits' date of employment and continues thereafter, the Company aims to present new recruits with a pleasant experience in their early days.

Equality of opportunity principle is upheld in recruitments at Enerjisa Enerji, in compliance with the Company's Human Rights and Diversity and Inclusivity policies, to find and position the most suitable candidate on the basis of corporate culture, company objectives, position-specific competencies, knowledge and experience.

Diversity and inclusion rest at the core of all processes at Enerjisa Enerji. A spirit of equality is exhibited in all People and Culture processes in terms of language, religion, nationality, race, ethnicity, age, gender, sexual orientation, marital status, health, disability status, political view, union membership and similar matters. Enerjisa Enerji conducts all its activities in accordance with legislative regulations in effect and Enerjisa Code of Conduct.

Aiming for an end-to-end digital recruitment process, the Company has been managing the recruitment and evaluation processes, as well as the candidate experience, in a digital environment since the beginning of 2020. The Company has also brought the orientation process to the digital environment as of the year 2021. Through digital orientation Meta/Or, which starts prior to new Enerjisa recruits' date of employment and continues thereafter, the Company aims to present new recruits with a pleasant experience in their early days.

In order to reinforce women's representation at Enerjisa Enerji, the Company established the objective of increasing female employment. This objective was added to function-based objective cards; was monitored throughout 2022; and requisite actions were taken.

At Enerjisa Enerji, as part of the "You Choose" practice, Flexible Working Hours, Flexible Dress, Remote Working Model, and Flexible Benefits System, which allows employees to shape their benefits on a needs basis, are being implemented. Out of Enerjisa Enerji's white collar employees, 68% participated in this program in 2022.

Our "You Are Worth It" (Sana Değer) Online Appreciation Platform provides an opportunity to recognize and express appreciation for the contributions that employees make to the creation, functioning and development of the Company's corporate culture, and its mode of conducting business operations. A variety of applications developed through the "You Are Worth It" platform provide an opportunity to express appreciation for employees' individual efforts and progress, as well as for their contributions to corporate development; to stand by them on special and important days; and for employees to appreciate one another.

Participation in Management

Enerjisa Enerji takes employee feedback very seriously and provides its employees with a workplace in which they feel valued. In line with Enerjisa Enerji's value of "Inclusion", employees are encouraged to participate in decision-making processes at every opportunity.

Employee participation in management includes attendance at periodic internal meetings, annual target-setting and performance evaluation meetings, live streaming, inclusion in decision-making mechanisms, committees and projects within the framework of roles and responsibilities. Employees may also share their requests, suggestions and views through various channels such as the intranet, mobile applications (İKON), suggestions system (Bir Fikrim Var), feedback systems and surveys. The results garnered through these platforms are analyzed, and action plans drawn up to ensure necessary changes are implemented.

With the "Bir Fikrim Var" project put into effect in 2022, Suggestion System and Nar Program were combined. With Suggestion System and Nar Program applications integrated, it was made possible for opinions voiced by employees throughout the year over İKON to be evaluated at the appropriate platform.

In accordance with its recognition and appreciation systems, Enerjisa Enerji evaluates employees contributing to its Suggestion System, and rewards them where appropriate. In particular, the participation of high potential employees in management decisions is supported. Developments within the Company are communicated to employees through various channels. Employees are briefed about the Company's overall situation through annual management meetings.



Talent Acquisition

Acknowledging continuous development as a key value, Enerjisa Enerji constantly learns from its past experiences in order improve itself; develop with the vision of the future; and spearhead change.

Employee Support Program

The Company sustained the personal counseling services it provides with expert support on psychological, medical, financial, and legal matters to employees and their family members, within the framework of the "Avita Employee Support Program", in 2022 as well. The purpose of this program is to provide proactive support to resolve employee problems and minimize related issues.

2,683 requests were registered via the Avita Employee Support Program in 2022.

Employee Engagement and Satisfaction

Employee engagement and satisfaction are measured annually at Enerjisa Enerji. In 2022, employee satisfaction score and employee engagement rate were realized at 82% and 73%, respectively, exceeding the averages for the Energy Sector and Türkiye. In their assessments, employees gave their

highest engagement scores to questions of the survey measuring opportunity equality in performance, career, training, and development.

Enerjisa Enerji carefully evaluates the feedback from employees. Based on feedback received, the Company seeks to improve working conditions, increase employee satisfaction and engagement, and reduce employee turnover rate. In addition to external evaluations made every year, pulse checks are carried out through the İKON application on several People and Culture practices and satisfaction is measured instantly.

Enerjisa Enerji participated in the "Happy Place to Work" survey in 2022, and earning a top score of 88, turned out among the best rated companies, hence was granted the "Excellent Employee Experience" certificate.

At Enerjisa Enerji, turnover rate was 0.6% for female employees; and 2.3% for male employees in 2022. These rates are below the averages of the sector and Türkiye, based on the findings of similar studies by globally reputable companies.

In addition to surveys, Enerjisa Enerji uses various other mechanisms such as one-to-one interviews and focus groups to receive employee complaints, opinions and suggestions. Moreover, employee requests on administrative issues are collected through the help desk system, which all employees may access. Actions are planned by taking such feedback into account, and implemented with a proactive approach. Incoming requests are directed to the relevant individual, and resolution process is initiated. Upon completion of the requested action, the individual responsible for the operation issues a notification through the system, announcing completion of the action, which is delivered to the employee initiating the request. A total of 12,008 requests were received in 2022, of which 96% were resolved.



Work-Life Balance

Enerjisa Enerji recognizes employees' work-private life balance needs, and advocates the provision of flexible working conditions. As part of its efforts to adapt to the future of work, the Company drew up a number of projects, including holistic well-being training on physical and mental health, live broadcasts and support mechanisms, which were implemented in 2022.

Enerjisa Enerji also has practices such as meeting-free hours, and meeting time restrictions aimed at maintaining employees' work and private life balance.

The Sen Seç working model, which covers flexible working hours, flexible dress code and remote work, has been implemented in all head offices since 2019. Remote working practice was reviewed in 2022, and extended on the basis of different employee

groups' needs. Benefits such as ergonomics support, inventory, communication packages, and commuting support were provided to facilitate remote working.

With employees spanning four different generations, Enerjisa Enerji considers each of its over 11,000 employees as a "talent". With this perspective, the Company follows global People and Culture management trends, and adopts new approaches in line with its priorities.



Talent Management

Enerjisa Enerji aims to ensure a constructive and competitive work environment by implementing a competitive and fair wage policy through regular market analyses, for the purpose of attracting the necessary talent and maintaining a high degree of loyalty among current employees.

42.1

**TRAINING HOURS
(PER PERSON)**

Acknowledging continuous development as a key value, Enerjisa Enerji constantly learns from its past experiences in order to improve itself; develop with the vision of the future; and spearhead change.

With its talent management practices, which support a high performance culture and the vision for adaptation to the future of work, the Company aims to onboard qualified young people and experienced professionals, and develop the talents it retains.

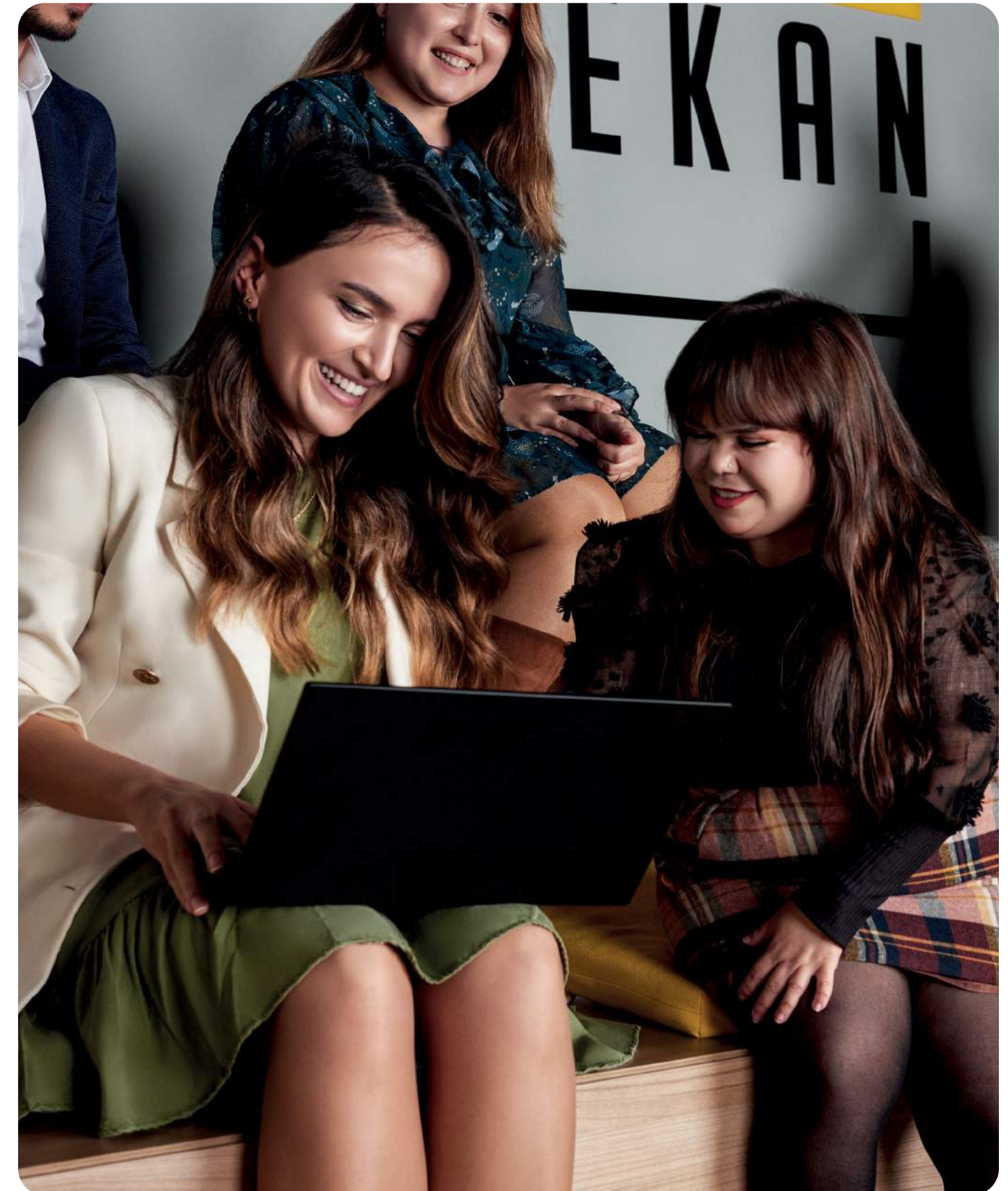
Believing that individual achievement lies at the heart of the success of an organization, Enerjisa Enerji applies diverse talent management systems to identify and measure employee performance and competencies.

To ensure the sustainability of its organization, Enerjisa Enerji develops short- and medium-term succession plans for all critical positions, in line with annual potential evaluation studies; and accordingly follows up on the career and development journeys of its employees. In 2022, 81% of managerial and higher-level appointments were made from among internal candidates.

The Company supports its employees with various leadership, personal and professional development programs and tools. Hence, training hours per person were recorded at 42.1 in 2022.

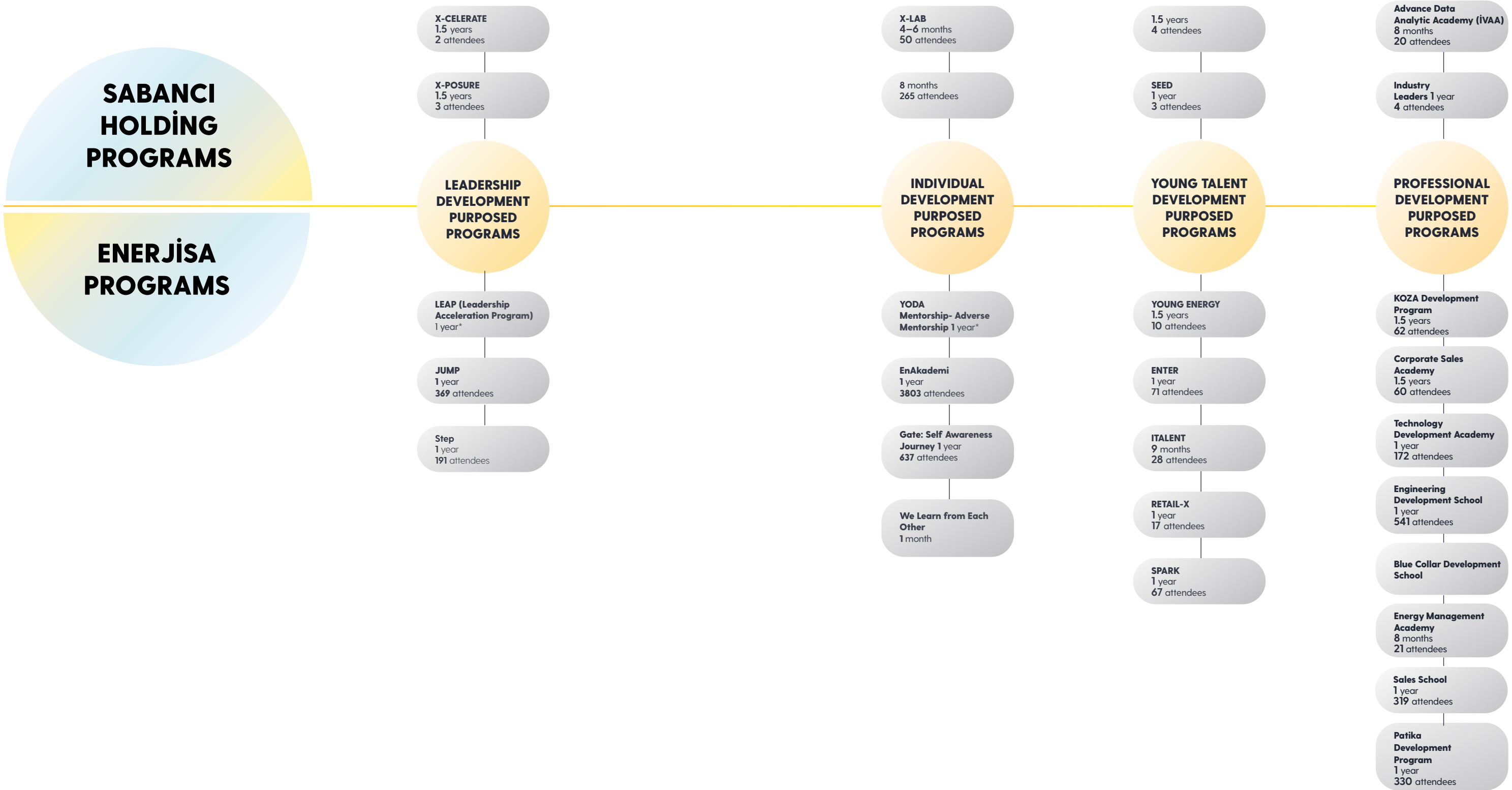
Details on provided training hours are presented in the appendix.

With the programs it has developed to train efficient leaders, Enerjisa Enerji assists employees towards leading the Company in the most effective and efficient manner.





Talent Management





Talent Management

LEADERSHIP DEVELOPMENT PURPOSED PROGRAMS

LEAP (Leadership Acceleration Program)

This was designed to increase the knowledge and awareness of the management team at director level on new technologies and current applications in the energy sector and enhance their leadership skills on new performance models in the modern business world.

STEP

The STEP Management module was realised in cooperation with Sabancı University Executive Development Unit and is aimed at strengthening the leadership qualifications of executives at manager and group manager levels. The program, which was introduced in 2019 with the purpose of providing continuity of high-performance culture, has continued during 2022 with its subjects of holistic well-being and leadership.

JUMP

This was designed to ensure the employees who undertake team and process executive roles increase their efficiency in their current roles and develop their executive skills using the mixed learning method. A flexible, social and individual development world is presented to the employees with this program by combining learning techniques such as remote learning and simulations.

X-CELERATE

This was designed to enrich transformative/connected/inspiring/inclusive leadership styles for senior management at the general manager, department manager, chairman and director levels. In the X-CELERATE Program which consists of three modules and lasts approximately eight months, many different learning methods take place, such as virtual class training, individual coaching sessions, company experience-sharing visits and business simulation applications.

X-POSURE

This consists of three modules for developing the potential of medium-level leaders such as managers and group managers. In the program, many different

learning methods are presented, as well as webinar sessions, coaching sessions and business simulation applications with acknowledged instructors and in-class training.

INDIVIDUAL DEVELOPMENT PURPOSED PROGRAMS

YODA Mentorship- Adverse Mentorship

This program aims to ensure different generations learn from each other and allows a younger generation of employees to mentor senior management at Enerjisa Enerji. The mentors will have the benefit of experience gained at senior management level and can explain the dynamics and expectations of their own generation. The employees receiving mentorship understand the dynamics of the new generation and they can benefit from the advice in both their private and business life.

EnAkademi

This e-learning platform aims to provide employees with online development tools to receive the training needed to reach career goals and to follow obligatory training. In EnAkademi, employees can plan and manage their own career development by selecting tools from a wide catalogue consisting of e-training, class training, simulations, videos, articles and development action recommendations to develop both their abilities and technical knowledge.

Gate: Self Awareness Journey

The GATE self-awareness journey has been designed to allow top performers to increase their personal awareness, explore their strengths and weaknesses, determine a development goal and identify the tools that will be beneficial in helping them reach that goal.

We Learn from Each Other

The We Learn from Each Other Platform aims to promote cultural awareness in the company by ensuring that Enerjisa employees share their knowledge and experience with each other. With this program, our attendees focus on their technical and competency development as

well as learning from each other's culture by receiving training prepared by internal instructors who are experts in their fields.

X-LAB

This program was created for those employees who have potential to 'make change happen' by demonstrating courage and an innovative perspective in their work.

X-TEND

This program has been put into effect to provide the skills required for the future of business, such as indomitableness, innovative thinking, awareness of climate change, diversity and inclusivity. It is open to all the employees of the Sabancı Community and their families.

YOUNG TALENT DEVELOPMENT PURPOSED PROGRAMS

YOUNG ENERGY

This has been designed to develop individuals with high potential at the start of their career and to raise future executive candidates. With this program, the attendees are prepared for their possible future positions by helping them remove obstacles in their performance and potential.

ENTER

This program aims to allow fourth grade and postgraduate students of electrical/electronic engineering, department of political science and international relations, maths, statistics, business administration, economy and industry engineering to experience the energy sector and Enerjisa Enerji distribution business activities. In this one-year program, candidate engineers are appointed in rotation to departments named electricity distribution, path functional units and path and data management, and are taught about all the functions in the electricity distribution business. The attendees obtain mentorship support through talent coaches and can explore their area of interest. In 2022, acquisitions have been made to the data and functional paths for the first time in addition to the electricity path.

ITALENT

This is a long-term intern experience program aiming to provide fourth grade and postgraduate students who want to work in the energy sector with digital skills and prepare them for the technology world. The program aims to raise and develop young people as professionals who are interested in digital transformation and want to continue their training. Young talents gain career experience in various functions in information technology and digitalisation, and they also get a chance to participate in training modules designed for their personal and occupational development supported with various tools.

RETAIL-X

This is a Young Talent Program aiming to recruit to Enerjisa new graduates who want to work in electricity retail sales companies and who have a maximum of two years of business experience. The program aims to strengthen the strategic position of Enerjisa in the retail sector and recruit and develop new talent. It includes training in a long-term learning environment, mentorship and coaching process and rotation opportunities between functions, in addition to experience of professional business life.

SPARK

This intern program aims to spark the career of third and fourth grade students of engineering, economy and administrative sciences or social sciences and recognise the electricity distribution sector. The program lasting 20 days, contains personal development, technical training, coaching support, project work, technical trips and project presentation.

TP-X

This program is designed to develop the leadership skills of those with high potential and those at the beginning of their professional career in the Sabancı Community. TP-X consists of three modules and lasts 1.5 years. It includes webinar sessions with recognised instructors, development coaching and business simulation applications and utilises a variety of learning methods.

SEED

This is a program designed with the aim of acquiring young talent to the Sabancı Community in order to strengthen the young talent pool for strategic growth areas and in recognition of Employer Brand of New Generation Sabancı by target talent group.

PROFESSIONAL DEVELOPMENT PURPOSED PROGRAMS

Sales School

With Sales School, which was initiated with the cooperation of Sabancı University in 2014, various behavioural and technical training required for the sector are provided to the employees from the perspective of Sales and Customer Focus. The training also aims to enhance service quality, operational excellence and customer satisfaction.

KOZA Development Program

The KOZA Development Program, which began in 2019, is designed to include training consisting of the needs of three different attendee profiles, with the purpose of supporting the development of sales teams and strengthening their experiences. In the program, which takes 1.5 years and consists of training to support technical and ability development and inspiring people, there is a project module where its attendees will share their related development/improvement recommendation with senior management with regard to business processes.

Corporate Sales Academy

The Corporate Sales Academy has been designed to support the development of corporate sales teams. The program aims to ensure that sales teams reach their highest potential in a dynamic business environment in line with the company vision and goals, enriching their strategic perspective. The program, which takes 1.5 years, includes technical training, ability training and inspirational meetings where attendees can meet important figures in the sector.

Technology Development Academy

The Technology Development Academy is designed with the purpose of ensuring that technology teams follow current trends and develop themselves in the areas needed. It is renewed every period within the scope of current needs and priorities and prepares employees with up-to-date technology awareness. The program's target is to maximise the potential of information teams and improve their performance in accordance with the vision and strategy of Enerjisa Enerji.

Patika Development Program

The Patika Development Program has been developed in conjunction with Sabancı University EDU by considering the skills of employees in administration, supervisor and technician roles that are often needed in their business life. With support from senior management and focus groups, webinar modules presented to employees in 2022 included Self-Awareness and Emotion, Thinking Method, Different Personality Types and Effective Expression Methods.

Engineering Development School

This development program was digitally designed on EnAkademi, and aims to develop the technical knowledge and skills of the engineers in Enerjisa distribution companies. Within the scope of the VR Glasses Project , it explains the facility acceptance processes that were put into effect as a pioneer in the distribution sector, in a virtual reality (VR) environment. VR acceptance training has been presented to 455 engineers and thus remote acceptance was ensured by using this technology.

Blue Collar Development School

A total of 6,219 employees completed documentation processes that are obligatory by law, within the scope of the electricity distribution activities performed by Enerjisa Enerji (EKAT, License, Working at Height Safely, Safe Woodchopping and Trimming, Professional Competence Certificate etc.). A one-day Field Safe Working (Level I) training course was given to 294 defect repair operators working in the network operations with regard to safe working methods in the field while working on distribution network field activities and to develop their action skills.



Talent Management

Within the scope of Planned Maintenance Principles and Procedures announced by the 4th Application Period by the Energy Market Regulation Authority (EMRA) in 2021, two days of Level 1 Maintenance training was given to 417 employees with the purpose of developing technical knowledge of maintenance teams.

Energy Management Academy

The Energy Management Academy was designed using innovative methodologies for exploring the highest potential of our Energy Management team in a rapidly changing and dynamic business environment from the perspective of compliance with the future of our business. It provides attendees with content that will add value to our sector and our company. The program includes technical training content specific to energy markets, competency training to develop current skills and build new ones and inspirational talks.

Advance Data Analytic Academy (ivAA)

This program was put into effect in cooperation with Sabancı Holding, Sabancı University and Sabancı EDU with the purpose of creating a sustainable human

resource in this field to support leadership in digitalisation. The fourth period of the program has been performed by focusing on Data Scientist and Data Translator technical expertise.

Industry Leaders

This was developed with the purpose of ensuring the professional and leadership development of engineers and technical executives with high potential in the Industry, Building Materials and Energy Group companies of the Sabancı Community.

Performance Management System

A strategic priority of Enerjisa Enerji is a high-performance culture based on continuous learning, agility, passion, determination and responsibility.

Enerjisa Enerji implements a Performance Management System that is compatible with company strategies, commitments and goals. The system supports cooperation, is fed with open and continuous feedback and prioritises the development of employees.

Employees within the scope of the performance system undergo a transparent, agile, flexible and user-friendly process that can be performed over the internet or through a mobile application.

Other features of the system that support the high-performance culture, include the following:

- The ability of employees to link their targets with other employees,
- The ability to add and revise targets in the continuously open system,
- Clear and transparent targets,
- Target-oriented dialogue areas between the manager and the employee,
- Provision of instant and continuous structured feedback throughout the year,
- A milestone-setting function that helps employees track their targets with ease.

Rewards and Benefits

Enerjisa Enerji predicates rewards and benefits on the principles of fairness, transparency, competitiveness, and rewarding high performance. In all its processes, the Company considers the wage market, the sector in which it operates, Sabancı Holding practices, and macroeconomic indicators.

Enerjisa Enerji aims to ensure a constructive and competitive work environment by implementing a competitive and fair wage policy through regular market analyses, for the purpose of attracting the necessary talent and maintaining a high degree of loyalty among current employees.

Enerjisa Enerji obtains the reports, surveys or statistics on remuneration from third party compensation consultants. Position levels at Enerjisa are determined on the basis of an external job evaluation methodology widely used by globally recognized corporations. Enerjisa participates in annual wage surveys to designate its base pay policy. For all grades, external consultants provide grade-based reference pay data based on the market, peer group, sector, etc. The Company sets blue collar wages in accordance with the Collective Labor Agreement.



Digitalization in the People and Culture Processes

In 2021, Enerjisa Enerji determined the current business requirements and possible digital needs of HR processes with the “HR Connect” project. The Company started conducting studies for solutions throughout 2022 in line with these needs.

İKON, the digital People and Culture platform, was launched in 2018 to ensure that Enerjisa Enerji's more than 11,000 employees across different regions can be informed of developments in the Company at the same time.

Following improvements made to İKON, employees can now access the personal information they need in their daily activities. The İKON application includes several features such as payroll viewing, remote work planning, annual leave date planning, training selection and evaluation.

The Company minimised the use of paper in the annual leave and training evaluation processes, with the development enabling employees to request annual leave and track the approval processes through İKON.

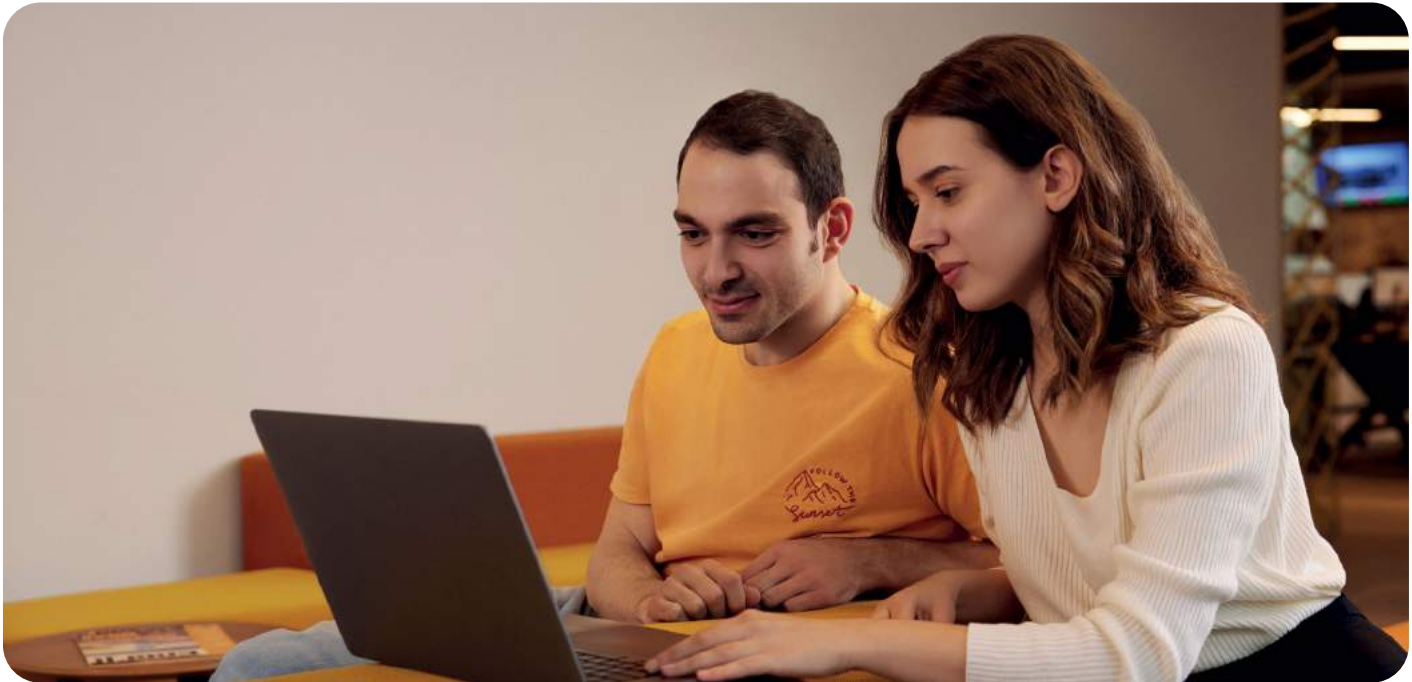
With the People and Culture Digital Assistant (chatbot), it has become possible for employees to find answers to their questions anywhere and anytime.

Due to the Administrative Affairs functions being comprehensive and consisting of a wide range of lines of work (e.g. fleet, security, cafeteria, facility management, building leasing, communication, management of subcontracting employees) and these lines of work being managed at many locations from a single centre, the need arose for a digital

structure for Administrative Affairs employees to carry out the operations with minimum error and operational effort. Thus, the AA+ (Administrative Affairs Plus) application has been developed in 2022.

Working intensively in the field of data excellence and reporting, the Company has ensured that People and Culture reports are accessible to senior management through the dashboard for use in decision support mechanisms.

In 2021, the Company determined the current business requirements and possible digital needs of People and Culture processes with the 'HR Connect' project. The Company plans to carry out studies for solutions throughout 2022 in line with these needs.





INFORMATION TECHNOLOGIES

152 DATA SECURITY
156 DIGITALIZATION



Data Security

The main purpose of corporate information security is to ensure the confidentiality, integrity and availability of information collected and processed by us.

The amount of data that we are processing, transmitting and storing is growing exponentially along with digitalization processes. As part of our responsibility to provide a public service, we take every precaution necessary to ensure the highest level of confidentiality and security regarding customer data within the framework of applicable legislation. To that end, we implement the measures and actions stipulated in our corporate policies and procedures.

INFORMATION SECURITY MANAGEMENT POLICY

We consider all the data that we collect and process through all kinds of methods and that belongs to ourselves and our stakeholders as critical assets. We treat this data and its protection with the utmost care. Accordingly, within the framework of the ISO/IEC 27001 Information Security Management System standard, we effectively implement the Corporate Information Security Management System at our Company.

The main purpose of corporate information security is to ensure the confidentiality, integrity and availability of information collected and processed by us. Due to the nature of our corporate activities, the main goal of corporate information security is to prevent potential material and intangible losses that may affect us or our stakeholders, to identify these losses early if they occur and to minimize the possible repercussions by designing, operating, monitoring our processes and taking precautions that include continuous improvement.

Regardless of their positions or duties, all our employees and related third parties comply with our practices, policies and procedures regarding information security. Violation of corporate information security policies and procedures may result in disciplinary action and criminal sanctions within the scope of the relevant legislation.

The manager of each unit is primarily responsible for taking all the necessary measures in their areas of responsibility and monitoring business activities in order to ensure compliance with corporate information security policies and procedures.

We commit to meet the applicable requirements regarding information security institutionally, ensure compliance with all kinds of legislations, laws, communiqués and similar regulations obliged upon us and continuously improve our Information Security Management System.

INFORMATION SECURITY MANAGEMENT APPROACH

Scope

Design, implementation and maintenance of our information security management approach is determined based on the Information Security Management Policy and the internationally accepted ISO 27001 standard. Our Information Security Management Approach encompasses the following: Enerjisa Enerji A.Ş., our electricity distribution companies (İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Başkent Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş.), incumbent retail companies (Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa Toroslar Elektrik Perakende Satış A.Ş.) and Enerjisa Müşteri Çözümleri A.Ş.

Data Security

In order to meet business needs and ensure compliance with laws and regulations, technical and administrative measures related to information security and operational processes are carried out by the Cyber Security Group Directorate under the Information Technologies and Digital Business Management Department. We ensure that the necessary support is provided and make the necessary assignments to fulfil information security requirements.

We take the necessary measures to ensure the highest level of confidentiality and security for customer data within the framework of the relevant rules and regulations and to this end, we implement the measures and actions specified in Company policies.

Since data is a critical asset, confidentiality, integrity and availability of data is of great importance to us. We conduct the necessary technical and administrative controls at every point where data is obtained, processed, transmitted and stored. We process data only for business needs and ensure that it can only be accessed by authorized staff, considering the level of confidentiality of the data.

The copyrights for the information and materials on our website belong to us. All copyrights, registered trademarks, patents, intellectual and other property rights related to the information and materials on our website, other than those belonging to third parties, are reserved by us.

In all operational processes, we implement the information security management system with a defined risk management approach and in compliance with information security policies, procedures, instructions and other issues including standards, frameworks and guidelines based on international and sectoral good practices. We share the relevant documentation within our Document Management System and make it available to all our employees. The purpose of information security documentation is to manage information security risks and ensure that data is adequately protected. While using the information assets they are responsible for, all employees are responsible for the implementation of the Information Security Management Policy and related procedures in the operation of business processes throughout their employment at our Company and even when they quit their job .

Protection of Personal Data (PDPL)

As the Data Controller, we process personal data obtained from different channels (head office, regional offices, customers, dealers, the website, call center, etc.) verbally, in writing or through electronic media with the explicit consent of the customer (excluding the exceptions pursuant to Article 5 of the Law on Personal Data Protection (PDPL)) for operations and continuity of services.

Personal data processed by business units for the purpose of carrying out their routine operational activities are securely stored in the electronic systems and physical environments we use.

Data owners are informed with clarification texts about the mentioned data processing activities through our various channels on the purposes of processing, the security measures taken, the rights of the data owner and the application channels. In order ensure a lawful data processing, this clarification must be made to the data owner before the data is processed and if it is not within the scope of the exception in accordance with the PDLP, explicit consent must be obtained.

The security of personal data is among our top priorities. Therefore, we prepare and update policies and procedures for the protection of personal data and take necessary and suitable technical and administrative security measures in compliance with relevant legislation to protect personal data against unauthorized access, damage, loss or disclosure.

Any personal data requested for product and service sales/applications through our website or existing in our system is never shared with third parties without the explicit consent of the customer except for data transfers that do not require explicit consent pursuant to Article 5 of the Law on Personal

Data Protection. The Regulation Legal Team performs an assessment to determine if explicit consent is required pursuant to Article 5 of PDLP.

Third parties are prevented from accessing the information entered by our customers through the website. In order to protect the confidentiality of our customers' personal information, our system and access infrastructure is maintained at the most reliable manner and the necessary measures are taken.

Personal data whose purpose of use and legal storage period have expired, are deleted, destroyed, or anonymized in accordance with Article 7 of the PDLP.

We may work with third party companies when necessary to provide certain services. We ensure that these organizations comply with security standards and the terms and conditions of us. We make sure that data processors with whom we work value information security and act with the awareness of mutual responsibility. We also guarantee this contractually. In line with the definition in the legislation, data processors only process personal data in accordance with our instructions within the framework of the contract concluded with us and in accordance with the legislation.



Data Security

2022 yılında KVKK eğitimi EnAkademi üzerinden atanmış olup, 731 kişi 743,1 saat online eğitimi tamamlamıştır.

The rights of persons whose personal data have been processed are regulated within the scope of Article 11 of the PDPL. Pursuant to the relevant article, data owners have the following rights over the Company:

- To learn whether or not data are being processed,
- To request relevant information if their personal data have been processed,
- To obtain information as to the purposes of the processing of personal data and whether or not such data have been processed accordingly,
- To learn what third parties their personal data have been transferred to both inside or outside the country,
- To ask that any incomplete or inaccurate personal data process be remedied,
- To ask for the erasure or destruction of personal data within the framework of the conditions referred to in Article 7,
- To request the notification of third parties the operations carried out (request for rectification of incomplete and inaccurate data, request for erasure or destruction of personal data) to whom personal data have been transferred,
- To object to any conclusion to the detriment of himself/ herself as a result of the analysis of data processed exclusively by means of automated systems,
- To request compensation for damages incurred as a result of unlawful personal data processing.

Applications made by data owners within the scope of this article are answered within the legal period by examining system records and customer documents.

Incident Response

We have a Cyber Incident Response Team within the Cyber Security Group Directorate. All kinds of software, hardware and human-induced situations that disrupt the normal operations of our business processes and negatively affect some or all information or industrial control systems are defined as information security incidents. We examine situations such as malware, phishing attacks, unauthorized access, cyber-attacks and data exfiltration (data leak) as part of the information security incident management process. The application, system and access components of our Company are continuously monitored using monitoring and detection tools that are deemed to be successful by the information security industry. We ensure that incidents encountered within the scope of monitoring are evaluated, relevant actions are taken and the issues are resolved properly.

Our Cyber Security Group Directorate follows technological developments and vulnerabilities around the world through cyber intelligence services. Penetration tests are performed by independent teams once a year and the safety of the applications

and services of our company are ensured by implementing a secure development life cycle. In addition, vulnerability scans, source code analysis and maturity assessments are performed. The deficiencies that are identified as a result of these evaluations are examined, monitored and the relevant actions are undertaken with the guides of the Cyber Security Group Directorate.

In case of emergence of an information security incident or a vulnerability that may cause an incident, our employees including outsourced employees/external consultants are informed about what channels to make their notifications through. Reminders are also made at regular intervals. The process document for the actions to be taken after notifications is periodically reviewed and implemented.

In addition, the Information Security Awareness Commitment document signed with the third parties (suppliers, vendors etc.) includes an article stating that the suppliers should contact us in case of an information security incident.

Information Security Awareness

As data and data security are of great importance to us, we conduct training sessions in order to increase information security awareness. The completion rate for the training is monitored by senior management in order to raise awareness within the Company and to exhibit an integrated approach within the organization.

Throughout the year, simulations/ practices of phishing attacks are made at regular intervals by Cyber Security Group Directorate, the results are evaluated and reported to senior management. We prepare Cyber Security Newsletters that are sent to all employees every two weeks and share global and domestic cyber security news. We also share e-learning training videos about information security with all employees every two weeks. At the end of each quarter throughout the year, we share the statistics of current attacks in our country and around the world with all Company employees via informative emails. We implement clean table - clean screen policies and remind our employees of our policies with posters in physical locations.

All personnel are required to sign the information security commitment which states that information security issues are the common responsibility of all personnel.

Licenses and Certificates

- We and our distribution and retail companies hold the ISO 27001 Information Security Management System certificate, which is given as a result of the audits carried out by accredited institutions.

- Our distribution and retail companies hold the ISO 20000 Information Technology Service Management System certificate, which is given as a result of audits carried out by accredited institutions.
- Our retail companies hold the ISO 22301 Business Continuity Management System certificate.

In addition, compliance with the Electricity Licensing Regulation, Industrial Control Systems (ICS) Information Security Regulation, Electricity Distribution and Sales Call Center Service Quality Standards, ICS Security Analysis and Testing Procedures and Principles, which are subject to EMRA and compliance with the Information and Communication Security Guidelines of the Digital Transformation Office of the Presidency of the Republic of Türkiye is periodically checked by Cyber Security Group Directorate.

Information Security at Third Parties

When working with third-party companies, we include confidentiality clauses in the contracts to ensure the continuity and quality of the services provided by us. If there is a need for data sharing due to business requirements, we share only the necessary data. We have approval processes for the safe transfer of data and ensure that only data required for the job is transferred.

In order to protect such data, we take security measures in accordance with international standards in our systems and applications. Critical suppliers are evaluated within the scope of information security according to the criteria determined in line with the annual plan. Actions to remedy the deficiencies observed in the evaluation results are followed by the Cyber Security Group Directorate. Trainings

Trainings

In 2022, we assigned PDPL training to our employees through EnAkademi and 731 employees completed 743.1 hours of online training. In 2022, Information Security Interactive Training and exam was assigned through EnAkademi, and 2007 people completed a total of 3177.7 hours of online training. In the online and in-class training, Information Security sessions were organized for new recruits and 93 people received a total of 93 hours of training.

Overall, we provided 1,714 hours of awareness training to 5,066 employees via 21 Information Security Awareness training videos in 2022.



Digitalization

We ensured transparent and participatory management of our digital transformation at the Company through the digital platforms and dashboards we developed.



500+

+500 NEW DIGITAL PROJECTS FOR THE NEXT 5 YEARS.

Digital Transformation Model - E-TERNAL

While supplying energy to our customers, we add value to the world, humanity and our own operations by using the power of technology. In 2020, we developed E-TERNAL, our digital transformation model, to holistically empower sustainability with digitalization. Ternal symbolizes our dedication to improve the world, people and our business, while “E” symbolizes electron, energy and Enerjisa.

We performed a comprehensive benchmarking analysis and conducted several activities with our internal and external stakeholders in order to integrate our digital initiatives.

We also ensured transparent and participatory management of our digital transformation at the Company through the digital platforms and dashboards we developed.

We have defined past and current projects along with over 500 new digital projects for the next 5 years. We identified our major areas of value creation within 14 digital programs and matched these programs with the names of inspiring scientists from history.

Developments in 2022

As we implemented the governance plan with a holistic approach in 2022, we continued our digital transformation journey with the inputs from business units. We applied our sustainability framework to our digital transformation model and tracked how our projects impact our society, environment and business.

Moreover, we have implemented several new digital projects with a particular focus on customers, operations, technology and the market. Some of the significant projects are as follows.

Employee Focus: We implemented the HR Connect project to strengthen our technological infrastructure in human and culture processes through an integrated structure that puts a particular focus on employees. We refactored “iKON”, our mobile application for our employees which ensures the dissemination of Company information and enables our employees to perform basic transactions such as leave and payroll.

Standing by the Customer: Within the scope of this program, we strengthened our digital infrastructure in areas such as ID authentication, digital signature methods and PDPL compliance pursuant to

regulations and legislation. We expanded our digital channels with improvements such as introducing a WhatsApp channel, online services centre transformation, chatbot applications and process improvements for call centre employees to communicate better with our customers. In addition, we have implemented self-service solutions such as Jet Kiosk to enable our customers to perform their own transactions. We implemented automation and RPA (Robotic Process Automation) projects to increase the efficiency of high-volume customer processes and reduce errors. With our New Connection Digital Transformation project, we digitized the new electricity connection application processes, enabling customers to submit and track their applications online.

Enriched Sales: With the Increased Efficiency Sales Management project, we have provided our customers with the most appropriate electrical energy sales offers through a digital contract on all sales channels and ensured that the sales process of our customers is completed with just one SMS confirmation.

With our “Digital E.A.S.Y.” project, we became able to forward sales agreements to our sales teams only by taking photographs of the related documents, and to archive corporate sales agreements digitally. We have implemented the Voice Transmission of Invoice project, where we inform our visually impaired customers about the information and details of their invoices through automatic calls. We designed and launched process and segment-based dashboards to monitor our sales processes and improve data-based decision making. In order to strengthen our commercialization and customer delivery processes, we moved contracts to digital platforms.

Supply Continuity: We made improvements in the Outage Management System to ensure the continuity of supply in

the field and to minimize power outages. We established a digital infrastructure to improve the public lighting processes and resolve issues related to the notifications more swiftly. We continued the EDVARS project to regularly report the data requested by sector regulators in order to demonstrate that the legislation and requirements of the 4th regulatory period are being fulfilled and we successfully completed the audits carried out by the regulators.

Maintenance: We launched the 4th Regulatory Period Maintenance Project to ensure accurate planning and implementation of maintenance processes. We also launched the Maintenance Reporting Project to monitor our energy assets, such as field transformers.

Asset Management: We launched a number of developments with a GIS (Geographical Information System) focus for the purpose of ensuring optimum management of field assets. We implemented analytical solutions to enhance data integrity and accuracy and improved the METWEB Project Management Plan to facilitate the management of investment requests and construction work.

Safety First: OHS is one of our top priorities. We have implemented our video confirmation reporting project to ensure that occupational accidents are reduced by monitoring the operations carried out in the field and to determine in which areas you need training in terms of OHS. We continued to improve our Mobile OHS application by prioritizing the user experience in order to establish security in the field and to monitor and reduce the related risks.

Data-Oriented Operations: In order to strengthen our data-driven operation capability, we initiated several analytical

projects. We carried out numerous data optimization and infrastructure studies to increase data quality. We developed dashboards to be used for data visualization and as decision support systems and focused on e-signature solutions in our technological infrastructure transformation. We have undertaken various projects to increase the quality and quantity of the data we collect from the field.

Energy Market: We continued to streamline our operations in the energy markets with our energy management forecasting projects. With these projects, hourly consumption in the market is estimated via analytical models to improve our performance in the energy market. With the Green Certificate – Blockchain project we have implemented, we certify our customers’ clean energy consumption in line with their sustainability goals. We provide renewable energy certificate transfer in a secure and transparent manner using blockchain-based smart contracts.

Digital Finance: We launched the Helios and ABC projects in order to make the costs of office and field activities transparent and analyse them with a particular focus on digital finance. We also developed several initiatives, including e-Archive, e-Invoice Systems Transformation, Electronic Letter of Guarantee, Income Assurance Analytics and Report Automations to increase our operational efficiency and process transparency in the finance area.

M2C Journey: We carried out projects to improve the management of receivables through digital systems and to monitor the payments of collection proceedings and litigation files of receivables in order to improve our operations. We undertook projects to enable the digital management of security deposits and invoicing automation.



A greener future

We support the need for accessible and uninterrupted energy with our sustainable operations. As a responsible leader in energy independence and supply chain security, we provide low-carbon and sustainable services. We are doing our part to conserve natural resources and fight climate change for a greener energy industry. With our SENTRUM initiative, we transform tourism centers to be self-sufficient and support local development.



SUSTAINABILITY

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Sustainability Governance and Performance

Enerjisa Enerji integrates sustainability in its processes, works to increase its compliance with global environmental, social and governance norms and standards, and keeps investing to raise social awareness for ESG issues.

Enerjisa Enerji believes that that sustainably managed companies better address the customer needs, use resources more effectively, are more flexible to adopt to mega trends, and better manage risks and opportunities. In addition, the importance of disclosure of non-financial KPIs and targets is growing, reflecting stakeholder expectations.

Enerjisa Enerji sees sustainability as an important aspect of its equity story and a critical tool for effective strategic management. The Company integrates sustainability in its processes, works to increase its compliance with global environmental, social and governance norms and standards, and keeps investing to raise social awareness for ESG issues.

As a pioneer in Corporate Governance and Risk Management, Occupational Health and Safety (OHS) and Environmental Management areas in the energy sector, Enerjisa Enerji stays abreast of global sector and ESG trends, stakeholder expectations and new developments to further improve its ESG performance, and aims to lead the energy sector in this area, both in Türkiye and the world. Therefore, in the beginning of 2022, Enerjisa Enerji refreshed and reviewed its sustainability strategy. New Sustainability Framework has been shaped by a renewed stakeholder analysis, megatrends in sustainability and energy sector and Interviews with business units' heads and the Executive Management.

Enerjisa Sustainability Framework

External environment and the trends affecting our business

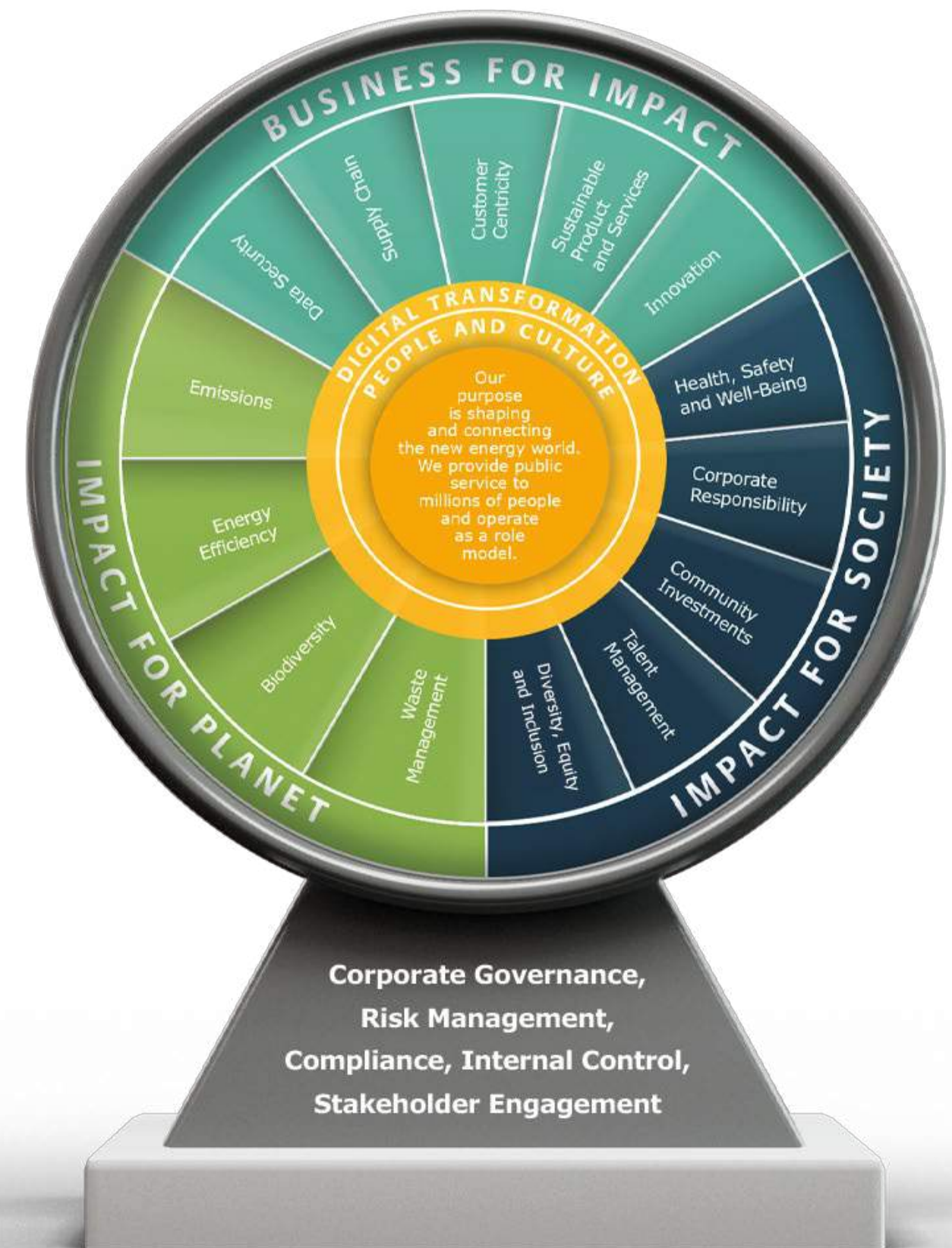
We are preparing for the fundamental changes that will shape our industry. Decarbonization, urbanization and customer centricity, deregulation, decentralization and digitalization are the five sectoral trends that have the potential to disrupt our way of doing business. We are developing innovative, impactful and sustainable products and services not only to better face the risks of these trends, but also to lead the transformation while working for accessible and uninterrupted energy. As a leading electricity distribution, retail sales, customer solutions and e-Mobility company in Türkiye, we are aware of our responsibility for delivering prosperity to people and future. Our purpose is shaping and connecting the new energy world. We provide public service to millions of people and operate as a role model.

Our approach to sustainability

Sustainability is at the core of our business and integrated into whole organization. While contributing to the right to live and possibility of flourishing of all living beings today and in the future, we focus on the impact of our products and services, discover the potential of our industry for transition to a low-carbon, cleaner and greener energy sector and empower people equally.

With the ultimate aim of transforming into an impact-focused business, we have prioritized our environmental, social and governance impacts, set targets and designed our roadmap acknowledging all UN Sustainable Development Goals (SDGs).

We established a systematic sustainability governance structure, including thematic working groups, and disclosed wide variety of policies in our sustainability topics. We commit to act in accordance with those policies effectively towards our targets and transparently monitor, measure and disclose our performance and progress.





Sustainability Governance and Performance

As a leading electricity distribution, retail sales, customer solutions and e-Mobility company in Türkiye, Enerjisa Enerji is aware of its responsibility for delivering prosperity to people and future.

Enablers and foundations of our performance

To enable our purpose and achieve our targets, we put people & culture and digital transformation at the centre of our business. We are dedicated to continuously invest in them as they are essential resources and tools to create value in our impact areas.

We believe that strong corporate governance, compliance, integrated risk management and internal control mechanisms, and an effective stakeholder engagement are the backbones for sustaining our performance. We focus on communicating our impact and performance with our stakeholders.

Sustainability Governance Structure

Since 2019, Enerjisa Enerji has a governance structure that enables it to develop a strategic and holistic approach to economic, environmental and social factors for the purpose of creating long-term value. The Board of Directors has the ultimate responsibility for defining the sustainability strategy and on the sustainability performance. The Board of Directors is also responsible for identifying ESG material issues, risks and opportunities and establishing appropriate ESG policies.

Sustainability and Corporate Capabilities function, created in 2021, is responsible for having a strategic and integrated approach in corporate sustainability and creating maximum value for stakeholders.

The mandatory committees of Enerjisa Enerji work actively to monitor ESG issues and report to the Board of Directors. In addition to the mandatory committees,

the Company effectively runs other non-mandatory committees with representatives from the relevant business units to cover ESG related critical matters.

The Executive Management (CEO/ CFO) oversees ESG-related actions in all processes and reports to the Board of Directors about critical Initiatives, developments, key performance Indicators and commitments. The Sustainability Executive Committee steers our corporate sustainability strategy, advises Executive Management accordingly and monitors, measures and reports performance and progress in a comprehensive manner. The Committee Includes all unit heads and reports to the Executive Management, and Corporate Governance Committee thereafter, and is chaired by the Head of Sustainability and Corporate Capabilities. The Committee met five times in 2022.



ESG Performance

While carrying out its activities which it successfully integrates sustainability, Enerjisa Enerji attaches importance to have operate as a transparent, ethical and principled company with its corporate governance structure. Reporting ESG data within this framework, the Company received assurance for important ESG indicators in 2022.

Enerjisa Enerji continued to increase its ESG performance in the assessments carried out by indexes and assessment platforms in 2022.

2022 ESG Performance

CDP Climate Change	Reporting Date: 2022
	Rating Scoring Range: D-, D, C-, C, B-, B, A-, A
	Enerjisa Enerji Rating: B
CDP Water Security	Reporting Date: 2022
	Rating Scoring Range: D-, D, C-, C, B-, B, A-, A
	Enerjisa Enerji Rating: B
FTSE Russell	Reporting Date: December 2022
	Rating Scoring Range: 0 - 5
	Enerjisa Enerji Rating: 4
	Sector Ranking*: 87 th percentile in Utilities Sector
Corporate Governance Rating	Reporting Date: December 2022
	Rating Scoring Range: 0-100
	Enerjisa Enerji Rating: 95.50
Refinitiv	Reporting Date: December 2022
	Enerjisa Enerji Rating: Overall 89/100 (Environment: 88, Social: 95, Governance: 84),
	Sector Ranking: 3/293 out of electric utilities & IPPs Companies
Sustainalytics**	Reporting Date: September 2021
	Rating Scoring Range: ESG Risk Rating Overall Score Range (Negligible/Low/Medium/High/ Severe)
	Enerjisa Enerji Rating: Low Risk
	Enerjisa Risk Score: 16.3
	Sector Ranking: 8 th percentile in Utilities Sector

* FTSE overall ESG rating is represented as a percentile where "1" indicates that a company is in the bottom 1% and "100" indicates a company is in the top 1%.

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Impact for Planet

Enerjisa Enerji adopts an environmentally responsible and respectful, and a proactive approach in all of its operations in accordance with the requirements of the legislation as well as the principle of voluntariness.

The impacts of human-induced environmental problems, i.e., climate change, environmental pollution, consumption of natural resources and biodiversity loss, are felt more and more all around the world. The Covid-19 pandemic, which has taken the world by storm as of the end of 2019, has further highlighted the significance of

healthy, safe and environmentally friendly operations. The pandemic has clearly demonstrated that natural resources are not unlimited, business continuity cannot be achieved in a world where climate and biodiversity are not protected, and it is inevitable to take into account the conservation-utilization balance during development.

Thus, the Turkish Grand National Assembly ratified the Paris Agreement, which has the goal to regulate the climate change regime, in 2021. Besides, Türkiye is expected to gain momentum in its national policies and practices to reduce GHG emissions in accordance with its Intended Nationally Determined Contribution.

Enerjisa Enerji is aware that irreversible impacts will emerge in terms environment and economy unless the limited resources are managed accurately, ecosystem and biodiversity are conserved and necessary measures are taken to tackle climate change. Therefore, the Company adopts an environmentally responsible and respectful, and a proactive approach in all of its operations in accordance with the requirements of the legislation as well as the principle of voluntariness.

As part of its Environmental Management System, Enerjisa Enerji manages risks accurately, seizes the opportunities and improves its environmental performance continuously with a particular focus on mitigating the adverse environmental impacts of its operations. Accordingly, the Company assumes responsibilities beyond the requirements of the legislation in its relations with its contractors and suppliers, encourages its stakeholders to adopt environmental good practices, and closely monitors their environmental performance in line with the Company's environmental sustainability goals.

Environmental Policy & Management System

The Environmental Policy of Enerjisa Enerji adopted to monitor and minimize all direct and indirect environmental impacts of our operations in 2022 has been updated.

Please check the website of Investor Relations for **Enerjisa Enerji Environmental Policy**.

Regarding the environmental issues, the Occupational Health, Safety and Environment Department, working under the distribution business unit of Enerjisa Enerji, reports to the Head of Distribution Business Unit, working under the CEO; and the Occupational Health, Safety and Environment Department, operating under the retail business unit of the Company, reports to the Head of Sustainability and Corporate Competencies Department, working under the CEO.

In 2022, Enerjisa Enerji set goals in pollution prevention, environmental impact management in line with the life cycle principle, circular waste management and resource efficiency (recovery of electricity, fuel, network assets) as part of ISO 14001:2015 Environmental Management System and environmental sustainability compliance activities; and achieved improvements to reach these goals.

ISO 14001:2015 Environmental Management System is implemented at all locations of Enerjisa Enerji. In 2022, external audits were carried out by a globally accredited independent organization to ensure the effectiveness and continuity of the management system.

In 2022, Enerjisa Enerji sustained its collaborations with the NGOs and participated in the Working Group on Environment and Climate Change and the Sub-Working Group on Circular Economy of the Turkish Industry and Business Association (TUSIAD) in order to improve its environmental performance. In 2022, Ataşehir participated in the "Climate Change Action Plan" workshops of Metropolitan Municipalities. Furthermore, as the Company joined the Working Group on Environment of the Association of Distribution System Operators (ELDER), which was established to increase the cooperation and harmonization of the electricity distribution companies in environmental management, in 2021, Enerjisa Enerji sustained its activities in the Working Group throughout 2022. In order to contribute to the Nationally Determined Contribution and Climate Policies of Türkiye prior to COP27, the Emission Reduction Sub-Working Group of the Ministry of Energy has been participated. Furthermore, contributions were made to the Greenhouse Gas Reduction Commission of the Climate Council.

In 2022, Enerjisa Enerji did not face any penalties from the Ministry of Environment, Urbanization and Climate Change or any other local authority as per the Environmental Law No. 2872.

Energy Efficiency

Being aware of the significant role that the Company plays in tackling climate change, Enerjisa Enerji has the goal to mitigate the direct and indirect impacts of energy emerging throughout its journey. Thus, the Company monitors its energy consumption regularly, makes efficiency-oriented investments and mitigates the environmental impacts of its operations.

In 2022, Enerjisa Enerji disclosed its Energy Policy. Enerjisa Enerji carries out all its operations as per the Energy Policy that the Company adopts and puts efforts to sustain all its activities to create added value in line with this policy.

Works to establish ISO 50001 Energy Management System in Distribution Business Units in order to monitor their activities in a systematic and measurable manner were completed successfully in 2022. In 2022, the ISO 50001:2018 Energy Management System Certification audit was conducted successfully in 16 different locations and 40 business units by an accredited independent organization. Thus, we are now certified with the globally-recognized Energy Management Certification in line with our mentality to create value. As we promise in our policies, we monitor our activities for the efficient use of energy in a systematic and measurable manner and contribute to the protection of natural resources and the environment. We tackle climate change, the leading global environmental problem, thanks to our effective energy management efforts.

Emissions

Enerjisa Enerji monitors its emissions under Scope 1-2-3. The Company constantly reviews and improves the reporting methodologies in order to meet transparency and consistency expectations of its stakeholders.

Scope 1, 2 and 3 data of Enerjisa Enerji were verified for 2021 and disclosed in the 2021 Sustainability Report. The calculations for 2022 emissions are ongoing and will be disclosed in the 2022 Sustainability Report of Enerjisa Enerji.





Impact for Planet

The Company carries out innovative activities and puts into operation various practices to manage the environmental impacts:

Scope	Practices to Reduce Emissions	Impacts of the Practices
Scope 1 These emissions include direct GHG emissions associated with the resources owned or controlled by the Company such as fuel consumption, company vehicles and fugitive emissions, etc.	Fleet Vehicles/Fuel Consumption Enerjisa Enerji has the goal to include hybrid and electric vehicles in its administrative vehicles fleet instead of diesel vehicles. With the completion of the driver tracking system for the fleet vehicles of the distribution business unit, the requirements of the vehicles in the fleet will be tracked; thus, the number of vehicles and, accordingly, fuel consumption will be reduced.	Fleet Vehicles/Fuel Consumption In 2022, 46 electric/hybrid vehicles were included in the fleet, and the share of electric and hybrid vehicles in the administrative vehicles fleet increased from 13% in 2021 to 16% in 2022.
Scope 2 Scope 2 emissions include indirect consumption due to electricity, heat or steam purchased and consumed, and emissions due to theft-loss.	 Enerjisa Enerji has the goal to reduce its Scope 2 emissions by purchasing energy from the renewable resources for its energy consumption. The electricity consumption is closely monitored in order to boost efficiency through root-cause analysis and rehabilitation projects.	 In 2022, electricity requirement of all Enerjisa Enerji facilities, other than Distribution Business Units, were met by green energy supply. In 2020, a pilot project was initiated in the distribution business line (98 buildings) to monitor electricity consumption in real time via the AMRS system. After expanding the project to other regions in 2022, the number of buildings, in which electricity consumption is monitored in real time via the AMRS system, reached 189.
Scope 3 These emissions include indirect emissions associated with the resources that are not owned and cannot be directly controlled by the Company, such as, business travels, procured goods and services, activities associated with fuel and energy, etc	 In December 2020, the very first bilateral agreements (Power Purchase Agreements - PPA) were signed to supply electricity directly from the power plants that generate electricity from renewable energy resources. Solutions for Customers (Indirect Impacts) Green Energy Solutions: With 2 types of certificates, GHG emissions from the electricity consumptions of the customers are reduced or neutralized. Lighting Conversion Solutions: In 2022, a LED conversion project consisting of 10,600 luminaires was initiated with the Energy Performance Contract (EPC). Process Efficiency Projects: In 2022, the project was carried out by the EPS model with Brisa, one of the Sabancı Group companies, in order to enable waste heat recovery. CHP and CCHP Solutions: A cogeneration and trigeneration facility with an installed capacity of 3.8 MWe is in operation. Decentralized Energy Solutions: In 2022, 1.5 MWp SPP was put into operation and the total installed power reached 24 MWp. Enerjisa Digital Channels Thanks to the digital and remote application channels developed for the retail companies, the need for customers to visit physical channels are expected to be reduced. Digital Application System in New Connection Annually, 45 operation centres under the three distribution companies of Enerjisa Enerji receive over 100,000 connection application with the documents specified in the regulations. Thanks to the update commissioned in August 2021, applications for new connections can be submitted online and 24/7 via ybp.eedas.com.tr.	 With the bilateral agreements drawn for renewable energy resources, eligible customers were supplied electricity partially from renewable energy resources. Benefits to Customers Green Energy Solutions: In 2022, 450,000 MWh renewable energy certificates and CO ₂ emission reduction certificates equivalent to metric tons were sold. Lighting Conversion Solutions: With the projects carried out in 2022, 2,790 MWh energy will be conserved, while 1,550 tons of CO ₂ emission will be reduced per annum. Process Efficiency Projects: With the project initiated in 2022, approximately 1,150 MWh electrical energy will be conserved, while 630 tons of CO ₂ emission will be reduced per annum. CHP and CCHP Solutions: The efficiency resulting from these facilities is expected to prevent a total of more than 30,000 tons of CO ₂ emissions in 10 years. Decentralized Energy Solutions: The total installed capacity enables an annual reduction of 21,500 tons of CO ₂ emissions. Enerjisa Digital Channels Thanks to the exclusive developments made for digital and remote channels in 2021, the number of applications submitted to the physical channels decreased by 7%. Digital Application System in New Connection In 2022, approximately 7 million A4 paper consumption will be prevented and approximately 90 trees were prevented each year. Since the applications can be submitted without the need to visit the operation centre, fossil fuel consumption was decreased; hence, the carbon footprint was reduced.

Enerjisa Enerji carries out all material usage and waste management with the purpose of mitigating environmental impacts and contributing wastes to circular economy through the life cycle approach.

Waste Management

In terms of waste management, Enerjisa Enerji operates in compliance with the relevant legislation, OHS and Environmental Policy as well as international standards. The Company has defined the methods for prevention and reduction at the source besides collection, transportation, storage, recycling and/or final disposal of domestic, industrial, hazardous and non-hazardous wastes from its activities in accordance with the waste hierarchy.

Enerjisa Enerji improves its Waste Management System, which was designed in compliance with ISO 14001, in line with the relevant legislation, as well as the announced sustainability goals. The Company carries out all material usage and waste management with the purpose of mitigating environmental impacts and contributing wastes to circular economy through the life cycle approach.

At Enerjisa Enerji, the following methods are used for waste management:
Hazardous Waste Management: Hazardous wastes are stored in accordance with the legislation and disposed by the licensed recycling companies. Enerjisa Enerji built 8 Logistics Services Centres Hazardous Wastes Temporary Storage Areas in various cities in compliance with the legislation

for wastes generated by its distribution operations. Hence, the Company separates the wastes at the source, stores without losing their capacities to be recycled/ recovered and have them delivered to the authorized waste companies.

Enerjisa Enerji has Hazardous Waste Temporary Storage Permits for all of its sites and annually renews the Dangerous Goods and Hazardous Waste Compulsory Liability Insurances that are legally required for all storage areas where hazardous wastes are temporarily stored. In 2022, 5,004.69 tons of hazardous wastes were generated at the Company facilities, and 5,004.69 tons of these wastes were sent to recycling facilities.

Non-Hazardous Waste Management: Non-hazardous wastes are also separated at the source, stored without losing their properties to be recycled/recovered and delivered to the authorized waste companies. In 2022, Enerjisa Enerji sent a total of 6,336.5 tons of non-hazardous waste generated at its facilities to recycling facilities.

- **Grid Wastes:** Enerjisa Enerji places utmost significance to enable contribution of operational wastes into the circular economy. The Company enables adequate collection of network wastes from distribution activities, re-using of these wastes if and as much as possible, storage of these wastes in line with the

legislation and disposal of the wastes by licensed recycling companies in order to reduce resource utilization and to control environmental impacts through the life cycle mentality. Accordingly, Enerjisa Enerji passes its grid wastes through the Material Quality Control and Recycle Test Centre processes to recycle them if and as much as possible.

- **Domestic and Recyclable Wastes:** Domestic and recyclable wastes are delivered to the related municipalities and the authorized companies of the municipalities' licensed waste management facilities.
- **Biodegradable Wastes:** Biodegradable wastes are recycled into compost at the HQs of AYEDAŞ, Toroslar Edaş and the operation centres of Erenköy, as well as Marmara Region Directorate and Black Sea Region Directorate. The compost is used as fertilizer in gardening activities.
- **Vegetable Oils:** Waste vegetable oils from the catering services of the contractor activities are delivered to the licensed companies to be disposed as per the Waste Oil Control Regulation.
- **Hygienic Wastes:** As part of the measures taken due to the Covid-19 Pandemic, a waste collection and disposal system was established in compliance with the legislation regarding the wastes from masks, gloves and single-use hygiene materials.



Impact for Planet

Since the direct use of water in the Enerjisa Enerji’s operations, which include no industrial wastewater discharge, is only limited to domestic purposes, the direct impact of water-related risks on operations is low.

- **Medical Wastes:** Medical wastes generated at the workplace healthcare units are managed in accordance with the Regulation on Medical Wastes and disposed properly by the licensed company.
 - **Zero Waste Practices:** Enerjisa Enerji completed the required activities to establish the Zero Waste System in compliance with the Zero Waste Regulation in 2022. The goal of the zero waste approach is transition to a circular economic model; and, in 2022, the zero waste management system
- was established for our 43 operational buildings in 14 provinces and the certification approval processes were initiated. Four of our buildings, i.e., AYEDAŞ headquarter, Toroslar headquarter, operating under the Enerjisa Enerji Distribution Business Unit, and our two operation centres, achieved to get certified for the basic level Zero Waste. The Toroslar headquarter Regional Directorate, operating under Enerjisa Enerji Retail Business Unit, also achieved to get the basic level Zero Waste Certificate in 2022.
- Waste management is one of the major environmental aspects, and a material issue in order to minimize our environmental impacts and contribute to the circular economy. Our wastes are separated at their sources and transferred for recycling, and we sustain our efforts to raise awareness of our employees on waste management.

Other developments regarding the Waste Management at Enerjisa Enerji are as follows:

Practices	
Reducing On-Site Consumption	As of the end of 2021, water dispensers with treatment systems were begun to be used instead of plastic carboys in 170 locations operating under the Distribution Business Units. Thus, consumption of 550,000 plastic carboys was prevented per annum.
	By preventing the use of raw materials for PET plastic carboys -taking into account the life cycle, from the source to waste disposal- it can be observed that emissions and wasting the water and energy resources are prevented.
	Activities were initiated to end the use of disposable plastics at the Company buildings. In-house awareness-raising activities continue in order to prevent disposable plastic, paper and other similar wastes.
Separation	Waste separation practices were adapted to the Zero Waste Management System at all locations. Therefore, plastic, paper, metal, glass, biodegradable and non-recyclable wastes are collected separately.
Recycling/Disposal	Distribution transformers, cells and circuit breakers in the Material Quality Control and Recycling Test Centres of the Company, which are among materials with significant environmental aspects, were recycled at targeted percentages. Thus, a total of 521 distribution transformers, 333 cells and 212 circuit breakers were reused in all distribution companies in 2022. Hence, the environmental impacts were reduced at the production phases of these materials according to the principle of life cycle.
	Papers from certified industrial productions (Forest Certification) are used in all printers. Wastepaper is separated for recycling and delivered to the contracted local authorities to be recycled.
Circular Economy	The waste management plans are requested from the suppliers in accordance with their operations. Thus, the separated wastes are coordinated to be recycled or disposed in compliance with the legislation.
	The Company facilitates the contribution of the wastes from its operations to be included in the circular economy as part of the scrap procurement contracts of 2022 in its distribution business line. Enerjisa contractors under these contracts are required to have ISO 14001 certificates. In 2022, tenders for the sale of useful grid inventories that will contribute to the circular economy and completed their lives (Scrap Sales Tender) were also revised according to the waste hierarchy that complies with the latest regulations in the Environmental Legislation and the principles of circular economy.

Biodiversity

Enerjisa Enerji places utmost significance to the conservation of biodiversity with the goal to mitigate the possible adverse impacts of its operations on natural life. The Environmental Policy of the Company includes the conservation of natural life and avoiding damage to the vegetation as a principle. Enerjisa Enerji operates in 14 provinces in Türkiye, which covers approximately 60% of the country's biogeography. Therefore, "Ecosystem Risk Assessment Reports" were prepared by the flora-fauna experts to assess the existing conditions. Enerjisa Enerji takes necessary measures to mitigate the environmental impacts of its investments as per the related national and international legislation and in accordance with the Biodiversity Conservation Action Plan, in the event that the Company's investments go through sensitive, protection or development zones in terms of biodiversity and natural ecosystem.

In 2020, Enerjisa Enerji developed a "Biodiversity Conservation Action Plan" for 3 distribution regions as part of the loan activities that the Company carried out with the European Bank for Reconstruction and Development (EBRD). The action plan includes the "Ecosystem Risk Assessment" prepared in accordance with the Biodiversity Conservation and Sustainable Management of Living Natural Resources Guide of EBRD as well as the "Bird Protection Plan" prepared as a result of the ornithological surveys. Located on the two major and global bird migration routes, Türkiye is considered as a significant feeding and breeding area for birds. There are conservation areas within the distribution regions of Enerjisa Enerji; and the electricity grid operated by AYEDAŞ, Toroslar EDAŞ and Başkent EDAŞ intersects with the important flyways of soaring birds.

The Enerjisa Enerji Biodiversity Conservation Action Plan has the goal to comply with the legal requirements arising from national legislation as well as international obligations including the Convention for

the Conservation of European Wildlife and Natural Habitats (BERN), the Rio Convention on Biological Diversity, the RAMSAR Convention (Convention on Protection of Wetlands) ratified by Türkiye in 1994 and the EU Habitat and Bird Directives.

The specified actions were taken as part of the Biodiversity Conversation Framework Action Plan:

- The ecosystem diversity and their characteristics in the distribution regions were defined. Thus, biological diversity inventory and conservation measures to be a basis for conservation activities of all areas to be protected within the legal boundaries of electricity distribution regions shall be included in the action plan. Therefore, the status, such as protection and/or development sites, key bird and plant areas, sensitive areas, national parks, natural parks, RAMSAR sites, wetlands, etc. at the distribution regions specified by the national and international legislation and conventions were defined. Interruptions because of birds/wild animals are monitored and recorded.
- The vulnerability, rareness and protection status of the living species were defined.
- Potential impacts of electricity distribution activities on ecosystem and related habitat are assessed and the process for developing a Biodiversity Procedure in order to manage and monitor the mitigation activities and for defining these actions in the procedure is ongoing. We take necessary measures in all our activities to conserve the existing biodiversity and comply with the relevant legislation. We follow up and analyse the environmental risks that may arise in our fields of activity and develop plans to minimize our impact. We assess the potential impacts of all our facilities.





Impact for Planet

Enerjisa Energy reduces the ecological impact of its operations by transition to a carbon-neutral business and zero waste operations.

85 tons of rainwater

For garden irrigation, siphons in the toilets and cleaning activities, approximately 85 tons of rain water was collected in our locations where rainwater harvesting was established.

The projects carried out by the Company as part of biodiversity conversation are as follows:

- **High Voltage Aerial Line Insulation Project:** Birds, particularly migratory birds, face the risk of electrocution as they commonly perch on utility poles and nest or enter between two conductors. These kinds of interactions often lead to bird fatalities. As part of the High Voltage Aerial Line Insulation Project, which was initiated by the end of 2017, several power lines were installed insulators.
- **Bird Deterrent:** In order to avoid bird fatality, lines over the migration routes or considered to pose a risk are installed insulators. A line was chosen in Adana for insulator installation and began to be monitored. The goal of the project is to conserve bird populations in the region as well as the biodiversity of avifauna.
- **Bird Deflector:** In order to minimize bird fatality due to electric shocks, a pilot project has been initiated to install Bird Deflectors to the designated aerial lines.

Water Management and Consumption

The decrease in the available water resources throughout the world poses a risk to all humanity. Moreover, the risk regarding water resources is expected to increase with the anticipated population increases, predicted economic growths and the impact of climate change. Türkiye, on the other hand, is not a water-rich country, and also is on the way to becoming “water-poor” with its growing population, developing economy and expanding cities⁴.

Enerjisa Enerji closed the existing wells used for garden irrigation and fire extinguishing taps. Thus, water consumption in all our locations is now from mains water. The Company does not discharge any industrial wastewater.

The wastewater generated is not discharged to any natural receiving environment, but directly to the city sewerage system (except the groundwater used for garden irrigation purposes). Wastewater is not contaminated with vegetable waste oils from cafeteria-kitchen and other industrial chemicals.

Enerjisa distribution companies published the Instructions for Chemical Leakage-Spill and Pollution Prevention Plan; specified and informed its employees about the necessary rules and process controls to avoid any environmental pollution in municipal water, surface water and groundwater resources, while carrying out electric distribution activities outside of their own buildings.

Since the direct use of water in the operations of Enerjisa Enerji is only limited to domestic purposes, the direct impact of water-related risks on operations is low. On the other hand, water-related risks may affect the payment capacity of the Company's customers, who have high water consumptions in their operations; and the hydrological factors may also affect energy prices. These risks are followed by the relevant business units and necessary precautions are taken. The related Water Policy disclosed in 2022 can be accessed on the website of Investor Relations: <https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/397/waterpolicy.pdf>

In 2022, a water consumption goal was set for the Distribution Business Units for the first time as part of 14001 Management. The goal was to reduce the amount of water (taken from the municipality) consumed per capita in buildings by 3% compared to the previous year. Appropriate programs are determined and water saving activities are carried out.

Administrative Affairs Units in both distribution and retail business lines are responsible for monitoring and reducing water consumption. In 2022, the total water consumption data of Enerjisa Energy will be included in 2022 Sustainability Report.

Activities to decrease water consumption are as follows:

- In 2022, Enerjisa Enerji continued its awareness-raising activities for water saving in its buildings, and organized awareness-raising campaigns for its employees.
- The Company uses faucet aerators to reduce water consumption. A total of 931 faucet aerators are used in our Distribution Business Units, which corresponds to 65% of the total number of faucets. We have 307 faucet aerators in our Retail Business Units.
- For garden irrigation, siphons in the toilets and cleaning activities, approximately 85 tons of rain water was collected in our locations where rainwater harvesting was established.

Air Quality

Enerjisa Enerji does not have electricity generation activities; hence, the Company's direct impact area on air quality is limited. Moreover, the Company monitors and has the goal to reduce the emissions that affect air quality, and operates in compliance with the Regulation on Control of Industrial Air Pollution for emissions from its generators, machinery and vehicle fleet.

The operations of Enerjisa Enerji do not include any polluting gas emissions other than burning fossil fuels for heating and transportation, excluding extraordinary conditions. The Company carries out various activities to improve the existing monitoring scope to follow up and report indirect GHG emissions, i.e., air polluting gases.





Impact for Society

We operate in a dynamic industry that is being transformed by global mega trends and aim to prepare for the future by focusing on our employees and society.

We empower people to create prosperity and an inclusive society, encourage a talented and diverse workforce in a safe working environment and act responsibly to create wider positive impact on community.

We operate in a dynamic industry that is being transformed by global mega trends and aim to prepare for the future by focusing on our employees and society. Inclusion, diversity, accountability, ethics and transparency are key focus areas for us to establish a preferred workplace, contribute to society's prosperity and create a positive impact on our community.

We operate as a role model in occupational health and safety. We are committed to the Zero Accident Journey and aim to prevent fatalities and all critical and high potential near-miss accidents. We value the health and well-being of our employees. We provide voluntary contributions as well as direct financial support to the prosperity of society with our community investments. We focus on corporate responsibility projects that have a strong community impact. We continue to carry out activities focused on education, energy saving, the environment and society as part of our corporate social responsibility projects.

Health, Safety and Well-Being

We care about the overall well-being of our employees. We are a role model in the management of occupational health and safety in our industry. We are committed to a Zero Accident Journey and prevent fatalities and all critical and high potential near-miss accidents.

Corporate Social Responsibilities and Community Investments

We make voluntary contributions as well as providing direct financial support to the prosperity of society with our community investments. We aim to develop corporate responsibility projects that have a strong community impact.

Talent Management¹

We invest in engaging and retaining talent and aim to support our employees' individual and professional development. We commit to measure the impact of our talent management programs. We also believe in the power of a diverse workforce and inclusive work environment. Within this framework, we are committed to increasing diversity in terms of gender equality and age, especially in managerial positions.

Diversity, Equity and Inclusion²

We believe in the power of a diverse workforce and an inclusive work environment. We commit to increasing diversity with respect to gender and age especially in managerial positions.

Occupational Health and Safety

Our employees and contractors are exposed to significant health and safety risks during electricity distribution activities and installation of alternative energy solutions. We consider occupational health and safety (OHS) as one of our key values. We take a wide range of precautions to manage potential risks our employees and contractors may encounter while performing their activities. We present Key Performance Indicators on OHS periodically to the senior management.

In the distribution business unit, the Occupational Health, Safety and Environment Group Management reports to the Head of the Distribution Business Unit under the CEO. In the retail sales business unit, the Occupational Health, Safety and Environment Unit reports to the Head of the Sustainability and Corporate Capabilities Department under the CEO/CFO. Senior management handles issues related to Occupational Health and Safety. We monitor OHS performance through the monthly OHS-E Report. This report also includes critical accident and Safety Improvement Plan target realizations, which are included in the senior management's performance assessment.

We care about the overall well-being of our employees. We are a role model in the management of occupational health and safety in our industry. We are committed to a Zero Accident Journey and prevent fatalities and all critical and high potential near-miss accidents.



The OHS policy sets out the senior management's commitment to occupational health and safety. We announced the policy to the entire organization and stakeholders and is available for review. The OHS policy emphasizes the importance of preventing accidents and diseases with a preventive approach, compliance with legal obligations and continuous improvement.

THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

We believe that the management of OHS in accordance with international standards is vital. The ISO 45001:2018 Occupational Health and Safety Management System covers all locations and facilities of our distribution and retail sales companies. In 2020, we conducted the certificate renewal process in compliance with the latest version of the standard. This audit proved that our Occupational Health and Safety Management System achieved

a transformation focused on preventive actions with a more efficient and integrated approach based on risk and opportunity in accordance with the principle of continuous improvement. The annual interim audits in 2022 proved that the activities had been carried out in accordance with the management system and that the commitments set out for continuous improvement had been fulfilled.

Our retail sales companies started to work towards the ISO 45001: 2018 Occupational Health and Safety Management System certification in 2020. After performing internal audits in three regions, the retail sales companies reviewed their compliance with the Occupational Health and Safety Management System and completed the certification process in 2021. The certification process for Eşarj was also completed in 2021. As a result, all our services are included within the scope of ISO 45001.

We conduct risk assessments for potential new projects, non-routine operations, changes in existing operations and new work areas. We ensure compliance with OHS standards before the start of new operations. We implement the Fine-Kinney method during the risk assessment process with hazards determined according to their probability of occurrence, severity and frequency. We classify the identified risks and undertake precautionary measures to mitigate any risk exceeding an acceptable level.

We draw up emergency plans for each region and conduct annual emergency drills. We identify actions that need to be taken to eliminate issues of non-compliance found in the annual drills and monitor their implementation.

We set monthly and annual targets to promote increased OHS awareness. With the aim of improving OHS performance and better identifying risk areas, we ensure the collaboration and participation of our employees and stakeholders. We expect our employees and contractors to participate and provide their feedback in risk assessment and incident investigations.

We provide our employees with the opportunity to be involved in relevant decision-making processes regarding OHS issues through OHS committees, on which employee representatives also participate. We take into consideration the views of employee and union representatives and field workers in the selection of Personal Protective Equipment and we ensure their participation in the process of selecting materials.

¹ For more information, please look at People and Culture section of this Report.

² For more information about Diversity, Equity and Inclusion activities, please look at Retail Activities and People & Culture section of this Report.



Impact for Society

The purpose of the Zero Tolerance Policy Towards Violence is to set the principles and enforcement process to create a work environment that is equalitarian, safe and not tolerant against any kind of violence.

We invest in OHS training to spread our OHS culture and we organize events to raise awareness among our employees, business partners and contractors in all of the regions in which we operate. We use all existing communication channels to inform contractors about work accidents and near misses in all our units, and the Contractor Communication Portal to keep in touch with contractors in distribution companies.

ZERO TOLERANCE POLICY TOWARDS VIOLENCE

In 2022, we issued our Zero Tolerance Policy Towards Violence. The purpose of the policy is to set the principles and enforcement process to create a work environment at Enerjisa that is equalitarian, safe and not tolerant against any kind of violence. In line with this purpose, we make an endeavour to increase awareness about violence, to create support and assistance mechanisms in which our employees subjected to violence can share their situation in a secure and confidential manner and to operate an enforcement mechanism through effective examination and auditing processes.

[Click here to access our Zero Tolerance Policy Towards Violence.](#)

OHS Training

We strive to maintain our internalized OHS culture and a safe workplace for all our employees. We foster regular training and improvement activities to reduce OHS risks for our employees and contractors and ensure a healthy workplace in terms of OHS management. Training on safe working conditions is an integral part of OHS management and strengthens both our OHS culture and the professional skills of our employees.

In 2022, we continued to conduct OHS trainings in compliance with Covid-19 pandemic precautions. OHS trainings continued to be a priority during the pandemic with OHS training accounting for 34% of total employee training during the year. We provided 164.730 hours of OHS training for 11.490 employees during 2022. This corresponds to 14.3 hours of OHS training per employee.

Along with the OHS trainings, technical training was provided to our workers by Technical Development Management. In addition, we provided a three-day practical training program on Working Safely at Heights to 465 field workers and a refresher course on Working Safely at Heights to 1652 employees based on their job descriptions. In order to raise employee awareness regarding occupational health and safety and helping them take ownership in this regard and to contribute to the development of our company's OHS Culture, we implemented several projects in the following areas in 2022:

OHS Week

We carried out informative messaging during OHS week between May 4-10, to raise OHS awareness throughout the entire organization with the purpose of emphasizing the importance we attach to OHS awareness.

Training for Contractors

We follow the process required for the programming of the OHS trainings that the contractor companies should provide to the employees as per the legislation, and we ensure this process with field audits, document controls and regular meetings. 7.675 contractor employees were given basic OHS training by their own companies during 2022.

Field Audits

We established instructions and procedures for work performed to ensure that our employees conduct their activities safely. In this context, we provided training in accordance with rules and procedures, and we ensured the compliance of the practices on the field with these instructions and procedures by field inspections. In 2022, we conducted around 46.630 field inspections on our workforce.

Improving the OHS culture of our business partners and contractors is one of our core responsibilities. In this context, our relevant business units make one-on-one visits to contractors and request safety improvement plans. We conducted approximately 18.934 OHS field inspections of contractors in 2022.

Projects to Improve OHS Performance

We view prevention of occupational accidents is one of the most important requirements of a safe working environment. To this end, we focus on root cause analysis in incident investigations. We implement innovative initiatives and practices that make use of technology throughout the company to prevent accidents, particularly in high-risk processes.

In 2022, one of our employees lost his life as a result of an occupational accident. Detailed accident investigation was conducted following the accident, the root causes of the accident were determined and actions were taken. Senior management closely monitored the actions taken to prevent the reoccurrence of such accidents.

We undertook the following improvement measures in 2022 with the aim of preventing possible accidents and improving the safety culture of our organization.

Underlying Causes of Unsafe Acts

Seminars: In the Model-Based Critical Behaviour Analysis study conducted in 2019, we tried to understand the causes of critical unsafe act. As a continuation of this study, we started the series of seminars in Distribution Companies, where we tried to understand and discuss the underlying causes of Unsafe Acts. A total of 750 engineers, team leaders and managers attended the seminars where Türker Özkan from Middle East Technical University Psychology Department explained the classification of unsafe behaviours and their causes.

OHS Culture Maturity Assessment: An assessment study was carried out using the Hudson & Parker method, which consists of 18 parameters, in order to determine the OHS Culture maturity in Distribution Companies. The study, carried out in order to reveal the strengths of the Regional Managements and to identify the areas open for improvement, will serve as a guide in determining regional actions and will be an input that the Regional Managements will use when creating their Safety Improvement Plans.

In addition, an OHS Culture Maturity Assessment study was conducted at Eşarj and Customer Solutions companies. The outputs of the study will be useful to determine the OHS roadmap in growing business models.

OHS Communication Project – Not

without You: The OHS video, in which the motto "Every work can be completed at the end of the day, but not without you", was shared on all social media platforms in order to explain the OHS risks of the activities carried out. Within the scope of the Not without You communication project, incident videos in which previous major accidents in Distribution Companies and their causes are shown continued to be published on platforms accessible to all employees in 2022.

ISO 39001 Road and Traffic Safety Management System Implementation:

We started the ISO 39001 Road and Traffic Safety Management System implementation in Distribution Companies in order to bring a systematic view to the issue of Traffic Safety. In 2022, we completed the standard and internal auditor trainings and gave practical training to the team that will establish the management system in 2023.

Safety Improvement Plan (SIP): Annual Safety Improvement Plans are prepared and implemented in all business units in our company. As a result of the success of the action aimed at increasing participation and ownership by giving the Regional Managements of Distribution Companies selective targets in 2021, we implemented the approach in which all SIP targets were determined by the Regional Managers in 2022. We aimed to embrace the OHS targets throughout the organization with the Regional Managements, which set their targets according to the needs in their areas of responsibility and monitor the realization of the targets. In parallel, the targets for the needs of the activities of Eşarj and Customer Solutions companies were determined by the top management of the organizations.

Lessons Learned from Accidents

Workshops for Contractors: Workshops on lessons learned from accidents were held for Distribution Companies contractors. Serious accidents in contractor works and the actions taken after these accidents were conveyed to the contractor authorities at the workshops. With these workshops, we aimed to convey the OHS approach and experience of Distribution Companies to contractor companies.

Weekly Incident Bulletin: Investigation results of accidents and near misses in Distribution Companies are shared with all company employees through the Weekly Incident Bulletin. We think that Weekly Incident Bulletin will facilitate the process of sharing investigation reports with employees and will contribute to OHS communication.

Monthly OHS Bulletin: A monthly OHS Bulletin, which includes prominent OHS activities in retail companies, is prepared and posted on OHS Communication boards.

OHS Performance Indicators

We monitor OHS performance in line with critical accident targets. In addition, we ensure the participation of the entire organization in OHS audits and contractor management by monitoring SIP targets at the directorate level.



Impact for Society

We monitor our OHS performance based on the following metrics. Data includes all our employees and contractors.



¹ Total Recordable Injury Frequency W/O Slip, Trip and Fall Accidents: (Accidents resulting in fatality, lost workdays, medical treatment; excluding flat slip, trip and fall accidents) x 1,000,000 / Total working hours

² Total Recordable Incident Frequency: (Accidents resulting in fatality, lost workdays, medical treatment) x 1,000,000 / Total working hours

³ Lost Time Incident Severity Rate (LTISR): (Total number of lost workdays due to work accidents) x 1,000,000 / Total working hours

* The numbers are consolidated for the Enerjisa employees and contractors.

Occupational Health and Safety Indicators

OHS	2020			2021			2022		
	Enerjisa	Contractors	Consolidated	Enerjisa	Contractors	Consolidated	Enerjisa	Contractors	Consolidated
Number of critical accidents	23	11	34	25	13	38	19	7	26
Total Recordable Incident Frequency (excluding flat slip, trip and fall accidents)(w/o STF)	4.5	4.5	4.5	5.2	5.6	5.4	4.6	4.2	4.5
Total Recordable Incident Frequency (TRIF)	9.0	5.6	7.9	10.1	6.6	8.9	9.1	6.0	8.1
The number of fatal accidents	1	1	2	2	0	2	1	0	1
Occupational diseases	0	0	0	0	0	0	0	0	0
Total working hours (million)	24.9	12.3	37.3	26.2	14.2	40.4	28.1	12.7	40.8

	2020	2021	2022
OHS Investments (TL million)	54.6	80.9	112.6
OHS Trainings (hour per employee)	5.3	13.3	14.3



Impact for Society

We have been carrying out activities aimed at raising awareness regarding energy efficiency among children since 2010.

Corporate Social Responsibility and Community Investment

We make voluntary contributions as well as providing direct financial support to the prosperity of society with our community investments. We aim to develop corporate responsibility projects that have a strong community impact.

We continued our corporate social responsibility and community investment activities with a focus on education, energy conservation, the environment and society in 2022.

I AM PROTECTING THE ENERGY OF THE WORLD

Energy conservation is among the most significant energy-related issues in Türkiye. We seek to raise social awareness of energy efficiency, particularly in primary school pupils with the aim of creating a positive impact on the society. With the project named "I am Protecting the Energy of the World", which was implemented within the framework of the protocol signed with the Ministry of National Education, we have been carrying out activities aimed at raising awareness regarding energy efficiency among children since 2010. Since the start of the project, we have provided energy conservation training to more than 300 thousand pupils from 750 schools in 14 provinces with the voluntarily participation of our 450 employees.

In 2022, the 12th anniversary of the project, we continued the screening the children's theatre. We reached approximately 6 thousand children through the events which we organized in Istanbul, Kocaeli, Kastamonu, Ankara, Mersin and Adana, enabling them to be informed about energy saving.

Within the scope of the Sabancı Republic Mobilization (Sabancı Cumhuriyet Seferberliği), we organized which is with the Energy Savers project activities in cooperation with the Science Virus platform approximately 3 thousand children between the ages of 7-10, through 120 volunteer youth, have applied in the fields of "Energy Saving", "Sustainability" and "Global Awareness". We transferred the trainings through the project volunteers.

SUSTAINABLE ENERGY BASED TOURISM PRACTICE CENTER (SENTRUM)

In 2022, the 18-month transformation of the Sustainable Energy Based Tourism Practice Centre (Sentrum) project was successfully completed in Ayvalık Küçükköy in cooperation with the United Nations Development Program (UNDP) and Sabancı University.

The project will directly or indirectly contribute to 10 of the 17 the United Nations Sustainable Development Goals determined;

- Raise awareness on energy efficiency by developing a Sustainable Green Destination Model,
- Support social, environmental and economic transformation in the field of sustainable tourism,
- Contribute to society-based socioeconomic development by raising awareness of energy efficiency and the use of renewable energy sources,
- Create a scalable and repeatable Sustainable Green Destination Model in Ayvalık Küçükköy.

Project Outcomes;

- First of all, a current situation analysis was carried out in order to determine the tourism resource values, to identify the cultural and natural values that can be marketed in terms of tourism, and to get to know the stakeholders.
- Green destination standards in different countries were examined and standards that could be adapted to Küçükköy were determined. Within the framework of these standards, road maps were prepared on green purchasing, sustainable transportation, production and consumption, and their opinions were obtained by sharing them with relevant public institutions and local people.
- Energy survey studies were carried out for tourism enterprises and public buildings in the region. 8 businesses were supported with energy efficient lighting and white goods in line with their needs. Solar power plant and energy efficiency applications were implemented in two public buildings, and a private enterprise was supported in terms of improvements in energy applications.
- Training was given to 140 high school students, women in the region and business owners on topics such as energy efficiency, sustainable tourism, waste management, climate change, and gender equality.
- Enerjisa's "I am Protecting the Energy of the World Children's Theatre", which has been going on for 12 years and aims to raise awareness about energy efficiency for children aged 7-11, met with more than 500 children.
- Sabancı University Creative Technologies Workshop located in Küçükköy was positioned as the Sustainable Energy Based Tourism Practice Centre (SENTRUM) to raise awareness on energy efficiency and the use of renewable energy resources.

- A permaculture garden was established in the garden of the workshop to support sustainable agriculture and to raise awareness among visitors to SENTRUM. Thus, the trainings given at SENTRUM on topics such as energy efficiency, the use of renewable energy sources, permaculture applications, composting, rainwater harvesting, and climate change were supported by practices.
- Considering the issue of gender equality in all studies, it was aimed to increase the participation of women in the processes, to inform and empower them, and a Gender Equality Action Plan was prepared to guide the studies.
- In addition, in cooperation with the Ministry of Energy and Natural Resources, young people who graduated from engineering departments located in Ayvalık and the surrounding provinces were invited to participate in energy manager training. It was aimed that these young people who completed the trainings passed the relevant exams, became certified energy managers and became able to conduct energy studies, thus increasing employment in this field.
- Alternative walking and cycling routes were created, and the energy route and cycling/walking route from these routes were implemented together with the placement of boards and signboards and qualified maps in a way to allow the source values to be experienced.
- As a supporter of the SENTRUM project, Enerjisa implemented energy efficiency practices under the umbrella of 'The Energy of My Business' in Küçükköy, as part of SENTRUM, in order to contribute to the transformation of Küçükköy, support local economic development and promote sustainable tourism. After the energy studies carried out, energy efficiency and solar power plant applications were carried out in Necmi Komili Primary and Secondary School and Küçükköy Cultural Centre.
- Within the scope of the projects, exterior insulation of the buildings, temperature-controlled double-glazed window and PVC frame application, air source heat pump application, modification of the radiators in the school and replacement of all radiator valves with thermostatic valves were carried out.



- The public parking area located in front of the Küçükköy Municipality Science Affairs Department was invested with Eşarj, Türkiye's first and fastest electric vehicle charging station network company. With the investment made, the region has a 2-socket charging station with 120 installed power and high-speed (DC) charging feature.

With 'the Energy of My Business' applications, annual energy savings are equivalent to 15,000 kg of coal. The amount of carbon emissions to be prevented corresponds to an average of 90,000 kg/year. Annual energy production is 80,000 kWh.

As Enerjisa Enerji, a total of 10 million TL was invested in the Green Destination transformation of Küçükköy.

EMPLOYEE VOLUNTEER ACTIVITIES

We support our employees' voluntary participation in social responsibility projects and efforts to contribute to social welfare in every aspect. We believe that the activities in which our employees participate voluntarily not only increase their morale and loyalty, but also strengthen their sense of belonging to the Company.

Our employees also participated in the Sabancı Republic Mobilization, which was initiated under the leadership of Sabancı Holding and continued between October 29 and November 10. Within the scope of the mobilization, 4,934 volunteer employees

and their families took part in waste collection, waste separation workshop, installation of the Kozalak Early Fire Detection system, Energy Savers project, I am Protecting the Energy of the World Children's Theatre, participation in the 44th Istanbul Marathon and planting saplings in the Permaculture Garden in a total of 15,516 volunteer hours.

We sponsor a coding program developed by Kodluyoruz (an association which works on coding).

BAŞKENT EDAŞ SPORTS CLUB

We carry out activities to protect our youth from bad habits and contribute to their wellbeing and education. For that purpose, we have been supporting Başkent EDAŞ Sports Club since 2010 with the volunteering of our employees.

Enerjisa, with the Başkent EDAŞ Sports Club, provides young people between the ages of 15-19 with the opportunity to do sports, develop themselves and realize their potential in order to support their development in the field of sports and education. Başkent EDAŞ Sports Club, which has been active since 2010, competed in three football categories as U14, U16 and U18 with a total of 128 athletes under the supervision of 2 coaches in 2022. The club became the 1st in Ankara in the U16 and U18 categories, and the 2nd in Ankara in the U14 category. Başkent EDAŞ U18 team has succeeded in representing Ankara and Enerjisa by participating in the Turkish Amateur League Championship.



Business for Impact

Placing customer satisfaction at the heart of our business model, we offer the best services, create new applications and make new investments.

As a leading electricity distribution, retail sales and customer solutions company in Türkiye, we are aware of our responsibility to deliver an essential service that is a key enabler of social prosperity and development. Our aim is to shape and connect the New Energy World and serve as a role model in providing a valuable public service to millions. In that respect, we have put sustainability at the core of our business.

While working to fulfil the expectations and needs of our customers with customized solutions, we are aware that a sustainable society cannot be achieved without a resilient and agile energy ecosystem. Therefore, we focus on providing sustainable products and services. Innovation is a key enabler in our sustainability approach. We continue to make investments that will accelerate the transition to a low-carbon, resilient and resource-efficient economy

Sustainable Products and Services

We are committed to developing sustainable products and services that move towards a resilient and growing energy ecosystem. Therefore, we established Enerjisa Müşteri Çözümleri A.Ş. in 2017 to engage in customer solutions activities. We offer end-to-end solutions to enhance energy efficiency and reduce the carbon emissions of our corporate customers under the roof of “The Energy of My Business (İşimin Enerjisi)” since October 2020. Additionally, in our distribution business, we make distribution investments that support the transition to a low-carbon energy system.

Customer Centricity

The importance of “Customer Centricity” is increasing in tandem with changing customer needs and behaviours. A customer-oriented approach requires an intense focus on the needs and demands of our customers. Placing customer satisfaction at the heart of our business model, we offer the best services, create new applications and make new investments.

Responsible Supply Chain

We continue our grid investments in three distribution regions in order to provide uninterrupted and high-quality electricity service to our customers. We carry out various infrastructure projects as part of these investments and this requires flexible supply chain management.

Innovation

We invest in innovation to lead the New Energy World. We explore new opportunities through a systematic innovation approach. Our Innovation Department focuses on the enterprise ecosystem and establishes strong collaborations by promoting the culture of innovation within the Company.

Data Security

The amount of data that we are processing, transmitting and storing is growing exponentially with digitalization processes. As part of our responsibility to provide a public service, we take every precaution necessary to ensure the highest level of confidentiality and security regarding customer information within the framework of applicable legislation. To achieve this, we implement the measures and actions set by our corporate policies and procedures.

Supply Chain Management

We continue maintenance and our grid investments in three distribution regions in order to provide uninterrupted and high-quality electricity service to our customers. We carry out various infrastructure projects as part of these investments and this requires flexible supply chain management.

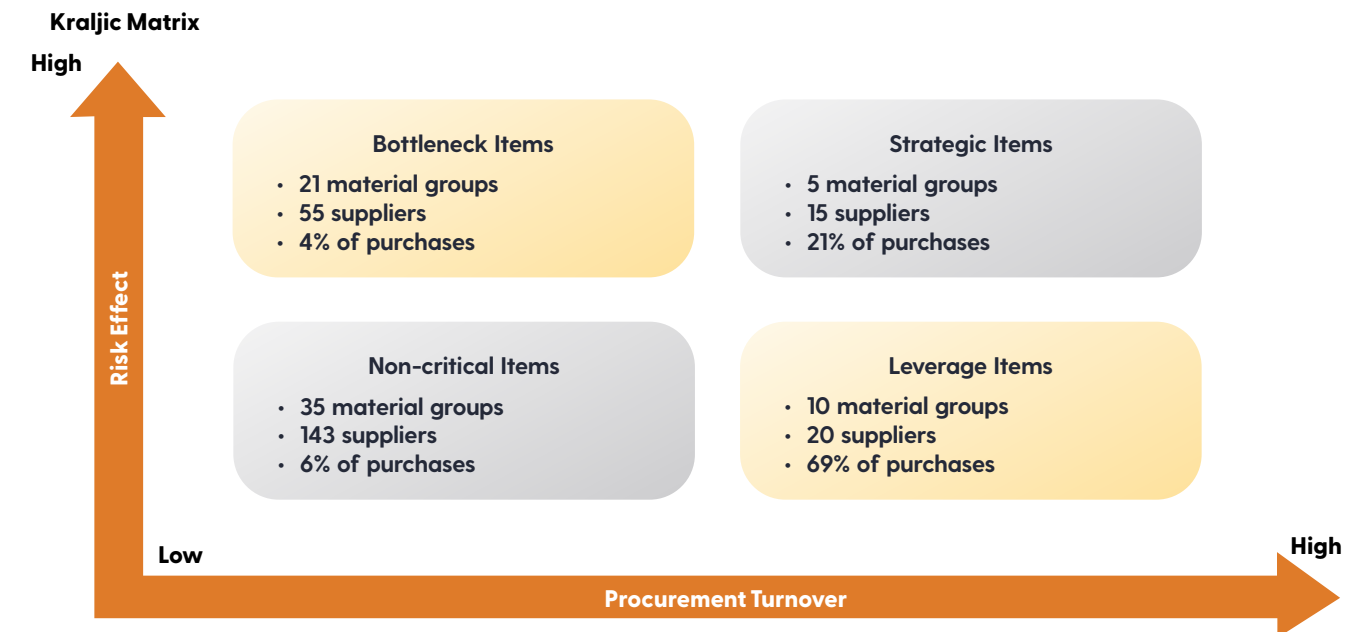
We work with over 3.000 suppliers, procuring various services including infrastructure installation, distribution grid construction, repair and maintenance, building construction and renovation, as well as procurement of other goods and services to ensure the sustainable development of our products. Around 125 of these suppliers are critical Tier-1 suppliers*. The entire supplier network of the electricity distribution business line is composed of local suppliers.

We have 14 logistic service centres and 118 satellite warehouses comprising 448,600 sqm in our extensive logistic operations. We operate a fleet of more than 127 vehicles consisting of mobile cranes, forklifts and vans in our logistics operations. Material/component inflows both for construction, repair and maintenance jobs are managed through these logistic service centres. We use the SAP system for stock management.

We classify our purchases and suppliers according to the complexity of the market, supply risk and the impact of suppliers on our profitability using the Kraljic Matrix. This matrix allows us to define the most appropriate purchasing strategies for each purchase category or supplier.

Due to the problems experienced in global supply chains due to the pandemic in 2021, risk matrix is composed and procurement strategies are started using under the light

of Kraljic Matrix. Bottlenecks have stayed in the risk matrix in 2022 because market shrinkage was continued with the same effects of 2021. While the global dimensions of the pandemic effects continue in 2022, the Russia-Ukraine crisis and closing areas of China are affected finding electrical components in the market and bottleneck situation occurred for these components. Procurement matrix is revised with possible material supply risk after than 2023 investment and maintenance plans are formed. We add a new procurement method which is frame contract for protecting our supply chain with suppliers who are determined in matrix in 2022 because of high inflation rates, breaks in supply chain globally. We manage risks by identifying purchasing strategies for critical purchases and suppliers in the matrix. Total material and component purchases in 2022 within the scope of the Kraljic Matrix was TL 3.36 billion.



* The first level critical suppliers consist of suppliers who have contracts over TL 2 million as well as suppliers whose contract amount is lower but who are critical for the supply chain.



Business for Impact

As the sustainability of our supply chain is critical, we support our suppliers and business partners in various ways.

Our Sustainability Approach in the Supply Chain

In our supply chain management processes, we follow the principles outlined in the “Enerjisa Code of Conduct” and “People Guidelines”. We act meticulously and diligently in the selection of suppliers, distributors, authorized dealers, service providers and consultants. We take all required measures and follow up the outcomes to ensure that our business partners comply with legislation, the Code of Conduct, principles governing business ethics and anti-corruption, the rules of occupational health and safety, as well as respecting human rights.

We secure confidentiality commitments in all of the company’s business relations using contractual means in line with our Code of Conduct. During the selection stage, we also ensure that the natural persons and legal entities we work with are not included in national and international sanction lists and are not connected with any terrorist organization, terrorist actions, tax fraud or money laundering.

We expect our suppliers to meet the fundamental standards required for successful Environmental, Social and Governance performance including respect for human rights. Thus, we require our suppliers to sign the “Enerjisa Supplier Business Rules” and the “Enerjisa Supplier Compliance Declaration” and to comply with our “Enerjisa OHS and Environmental Policies”.

We pay our consultants only for duly executed and legitimate services. We require our business partners and the companies, from/to which we purchase/sell goods and services, to comply with the “Anti-Bribery and Anti-Corruption Policy”, our current policies regarding business partner selection, procurement procedures and instructions and other relevant legal regulations.

Furthermore, we implement a “Third-Party Relations Policy”, which specifies the fundamental principles that apply to the parties we work with and the working conditions in all our business dealings. We terminate our contracts with individuals and organizations that do not comply with these policies.

Initiatives to Support the Ecosystem

As the sustainability of our supply chain is critical, we support our suppliers and business partners in various ways. Some of the support mechanisms are as follows:

Training: We provide training to our suppliers that are of critical importance to our activities in areas ranging from changes in legislation to technical issues related to procurement. Furthermore, we hold Q&A sessions with suppliers before calls for tenders in order to minimize uncertainties that they may experience due to any changes in the regulation (EMRA Procurement Regulation) or our policies during the procurement process.

Supplier Financing: Access to financing and the costs of financing are critical issues for many suppliers, particularly in fluctuating

macroeconomic conditions and may pose a risk to the financial sustainability of the suppliers. We provide support on the financing processes of our suppliers through the Supplier Financing System in order to eliminate vulnerabilities in the supply chain. Moreover, we also contribute to the cash flow management of our suppliers with our advance payment system.

Sustainability of the Supply Chain: In 2020-2021, the disruption of the supply chain in global markets due to the pandemic caused problems in the supply of components of some materials and commodities. Effects of these problems continued too in 2022. We contacted the sub-suppliers of suppliers experiencing supply shortages to monitor the entire supply chain. By understanding the overall situation in the entire supply chain, we tried to adapt to the dynamic situation in the market by shortening contract periods and implemented price adjustments to reflect the changes in the prices of commodities included in the contracts of some suppliers experiencing problems in commodity supply. We started to use framework contracts with which we can create longer-term relationships with more suppliers, and framework sub-contracts based on these framework contracts, where we can get prices in accordance with the market conditions and quickly.

We are committed to developing sustainable products and services as part of a reliable growing energy ecosystem. In line with this commitment, we continued to support our suppliers and business partners during the pandemic.

Supplier Business Rules

Our suppliers are expected to comply with all applicable law, the rules written in contracts, specifications and other similar documents regulating their business relationship with Enerjisa Enerji and the international regulations.

Anti-Bribery & Anti-Corruption

We are against all types of corruption. We do not take or give bribes under any circumstances to influence any official transaction or decision or to assist the Company in taking or maintaining business; we do not act in any way that could cause corruption. In this regard, we act in accordance with all applicable law and “Enerjisa Enerji Anti-Bribery and Anti-Corruption Policy”. We know that violation of Enerjisa Enerji Anti-Bribery and Anti-Corruption Policy, taking and giving bribes is illegal and will lead to very serious sanctions, including imprisonment, and we act accordingly. We expect our suppliers to act in accordance with these rules.

Environment, Health & Safety

Ensuring a secure, healthy and safe environment for our employees and all our stakeholders and protecting environment are of our key priorities. We act in accordance with Health and Safety legislation, Enerjisa Enerji “Health and Safety Policy”, ISO 14001 Environmental Management System Standard, and the relevant legal regulations on the environment. We expect from our suppliers to give priority to the protection of health, safety and protection of the environment and to create a work environment in line with this basic principle.

We expect from our suppliers to take measures to protect the environment, to establish and maintain an appropriate environmental management system; to encourage the development and dissemination of environmentally friendly technologies to reduce environmental impacts and dangers and to protect the environment more in their daily operations.

Labour and Human Rights

We are against forced labour, gender discrimination, illegal child labour, child abuse, and any other abusive or exploitative behaviour related to workers.

We expect our suppliers to protect human rights, to stand against forced labour, to prevent discrimination and harassment, to comply with legal working hours for employees, not to employ illegal child labour, and to treat their employees and partners with dignity and respect.



Stakeholder Engagement

We value our relations with all stakeholders who are directly or indirectly affected by our activities. As we work with an extensive value chain, we communicate with the stakeholders in this ecosystem on the basis of trust and in an open and transparent manner. Within this framework, we identify all stakeholders within our impact area and the impacts of our activities on these stakeholders.

The ultimate responsible of stakeholder engagement is Head of Sustainability and Corporate Capabilities (CSO). We adopted the AA1000 Accountability Stakeholder Engagement Standard to identify our stakeholders. In 2022, we collected the opinions of our stakeholders via a stakeholder analysis in accordance with the Engagement Standard.

We used an online questionnaire to collect data on the expectations of our employees and insights of our external stakeholders, including our customers, shareholders,

non-governmental and international organizations, analysts, financial institutions, affiliates, universities, media, business partners, suppliers and government agencies, regulatory bodies and local governments. The response rate to the survey was 42%.

We utilize several communication tools to receive feedback from our stakeholders and better address their expectations. We communicate with our internal and external stakeholders on a regular basis via the mechanisms specified in Annex III

Employees and Labour Organizations: For the purpose of fostering a positive corporate environment, communication and culture across the entire organization, we provide a safe working environment to our employees and support their development. Within this framework, we focus on issues like developing our employees' leadership skills, supporting their development through various training programs and ensuring equal opportunity to all of our employees. We conduct employee engagement surveys annually to assess employee engagement and satisfaction and to ensure that the best possible and fair working conditions are provided. Additionally, we respect labour unions and our employees' collective bargaining rights, as stated in the Human Rights Policy.

Customers: We believe that access to energy is an undisputable human right. We strive to deliver the best possible service in power supply by constantly improving our products and services. We provide electricity to a population of around 22 million with a customer-centric approach. We offer our customers tailored product and services in compliance with the ISO 10002 Customer Satisfaction Management System Standard.

Contractors and Suppliers: We purchase goods and services from over 3,000 different suppliers. We categorize around 100 of these suppliers as first-tier critical suppliers. The entire supplier network in our distribution business line is composed of local suppliers. Attaching importance to the quality and sustainability of the supply chain, we support the development of our suppliers and business partners.

Public Institutions and Regulatory Bodies: Public institutions and regulatory bodies are critical stakeholders which may directly affect us. We are aware of the necessity of a regulatory framework which promotes investments, efficiency and quality for a reliable and cost-effective grid infrastructure in Türkiye. We conduct our relations with public institutions on the basis of integrity, honesty, equality and independence. We conduct our relations independent of any political view and in a manner that is consistent with our corporate identity. We regularly interact with public institutions and regulatory bodies.

Local Governments: Within the scope of our annually prepared "Local Governments Communication Plan", we regularly visit the offices of governors, district governors, majors and local community leaders, i.e., mukhtars (elected village or neighbourhood leaders) in our regions. We learn about the expectations of local governments through face-to-face interviews. The requests and feedback we receive provides us with the opportunity to improve our work processes.

Non-Governmental Organizations (NGOs): As the sector leader, we are actively involved with NGOs and initiatives that advance the sector and spread our sustainability vision.

We actively participate in non-governmental organizations and initiatives to promote actions that move our industry forward and broaden the private sector's sustainability vision at the highest levels. Our Board of Directors Chairperson is also the Vice President of the World Energy Council. He also serves as a board member of the Sabancı University İstanbul International Centre for Energy and Climate (IICEC), which conducts energy policy research and brings together significant global experts on energy and climate at Sabancı University. Additionally, he is the Chairperson of the Association of Distribution System Operators (ELDER) and a member of the Advisory Council of the SHURA Energy Transition Centre.

In order to improve our environmental performance, we maintained our engagement with NGOs in 2022. We continued to participate in TÜSİAD's Environment and Climate Change Working Group and the Circular Economy Sub-Working Group. In 2022, we also joined ELDER's Environment Working Group, established to foster a spirit of common purpose and harmony among electric distribution companies in environmental management. We are also a part of the Business Plastic Initiative, founded by TÜSİAD and collaborate with the Business Council for Sustainable Development Türkiye (SKD Türkiye). Our CEO has been serving as the Chairperson of EUROGIA2020, a EUREKA Cluster for low-carbon energy technologies. EUROGIA2020 is a market- and industry-driven initiative that works across the entire energy value chain, from renewable energy and efficiency

to reducing energy consumption and carbon emissions from fossil fuels. Our CEO is also a member of the ELDER Board.

In the SENTRUM project, which we carried out together with Sabancı University and the United Nations Development Program (UNDP), we aimed to transform Ayvalık Küçükköy into a sustainable energy-based tourism practice centre, increase the tourism sector's access to renewable energy and contribute to its transformation into a sustainable structure by improving its energy efficiency potential. In 2022, we completed the first phase of our efforts to promote energy efficiency, renewable energy and other sustainable tourism practices in tourism enterprises and public buildings by coming together with all local stakeholders in Küçükköy, which is an example for Türkiye with its "green destination model".

At Enerjisa, we focus on diversity, equality and inclusion in all our processes. We take an active role in NGOs and platforms working on diversity, equality and inclusion in order to raise social awareness and consciousness on this issue. In 2022, we became one of the founding member companies of the Network of Companies Against Domestic Violence, which is run by Sabancı University Corporate Governance Forum with the support of Sabancı Foundation and UNFPA and hosted by TÜSİAD. We support and take an active role in projects to empower women through organizations such as TurkishWIN and Women in Technology Association. The list of member organizations is given in the Annexes

CORPORATE STAKEHOLDER ENGAGEMENT PLAN

We have prepared a "Corporate Stakeholder Engagement Plan" within the scope of the loan agreement signed with the European Bank for Reconstruction and Development (EBRD) in 2019 and in accordance with the conditions of EBRD Requirement 10 (EBRD PRI0): "Information Disclosure and Stakeholder Engagement", and we update the Plan every year. The Corporate Stakeholder Engagement Plan establishes a framework for stakeholder engagement, public consultation, stakeholder identification and grievance mechanisms that we plan to implement at the corporate level, as well as their implementation processes.

Corporate Stakeholder Engagement Plan will be disclosed in the 2022 Sustainability Report.

Enerjisa Enerji Stakeholders





Sustainability Principles Compliance Report

If the compliance with the principles is determined as “Yes” or “Partial”, the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the “Description” column. The extent to which the requested information is presented as consolidated or solo should be stated in the “Description” column.

COMPLIANCE STATUS		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	LINK(s)
A. General Principles							
A1. Strategy, Policy and Targets							
A11	Priority environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Board of Directors.	X				There is a Sustainability Executive Committee includes the executives of the relevant business units. The committee meets regularly and evaluates ESG priority issues, risks and opportunities. Within this framework, it determines the Company's short, medium and long term strategies and action plans, makes the necessary revisions in its current policies, and creates new policies and procedures. Additionally, ESG issues are discussed in the Corporate Governance Committee and Early Detection of Risk Committee set under the Board of Directors and the Board of Directors is informed.	https://www.enerjisa.com.tr/en/sustainability https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.86-88
	ESG policies (eg Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and announced to the public by the Board of Directors.	X				ESG Policies are published on the website.	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies
A12	Short and long-term targets set within the scope of ESG policies were announced to the public.			X		Enerjisa Enerji undertakes sustainability perspective in all its core business areas and adapts its corporate strategy to this. In addition, while positioning itself in the energy world of the future, it plans to create short and long-term targets.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.22
A2. Implementation/Monitoring							
A21	The committees/units responsible for the implementation of ESG policies and the most senior officer related to ESG issues and their duties have been identified and announced to the public.	X				There is a Sustainability Executive Committee which includes executives of the relevant business units.	https://www.enerjisainvestorrelations.com/en/corporate-governance/committees/ https://www.enerjisainvestorrelations.com/medium/CorporateGovernance/FirstImage/1064/sustainabilityexecutivecommitteecharter.pdf
	The responsible committee/unit reported the activities carried out within the scope of the policies to the Board of Directors at least once a year.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.28
A22	Prepared actions plans and implementation in line with ESG targets determined and makes them public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.30-31
A23	The ESG Key Performance Indicators (KPI) and the level of reaching these indicators were disclosed to the public on a yearly basis.	X				ESG performance indicators covering the last three years retrospectively, are explained in Sustainability and/or Annual Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021.pdf Pg.260-265 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.109-114
A24	Disclosed the innovation activities taken to improve the sustainability performance for business processes or products and services.	X				Enerjisa Enerji explains the innovation activities taken to improve sustainability performance for business processes or products and services in its Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021.pdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf
A3. Reporting							
A31	In the annual reports, information regarding the sustainability performance, targets and actions of the Company is given in an understandable, accurate and sufficient.	X				Enerjisa Enerji discloses its sustainability performance and actions to the public once a year in its Sustainability Report. The Sustainability section in the Annual Report also includes sustainability activities.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021.pdf Pg.124-191
A32	Identifies the activities that are related to the UN's Sustainable Development Goals for 2030.	X				Enerjisa Enerji links its activities with the UN Sustainable Development Goals for 2030 in its Sustainability Report.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.29-33

COMPLIANCE STATUS		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	LINK(s)
A33	Lawsuits filed and/or concluded against ESG issues, which are important in terms of ESG policies and/or will significantly affect activities have been disclosed to the public.	X				Necessary disclosures on this issue are made in the Annual Report.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg. 97-113
A4. Assurance							
A41	ESG Key Performance measurements are verified by an independent third party and disclosed to the public.	X				Sustainability performance measurements are disclosed to the public in the Annual and / or Sustainability Report. In 2021, a verification study has been made by independent third party and disclosed in the 2021 Sustainability Report.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf
B. Environmental Principles							
B1	Explained its policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.	X				Enerjisa Enerji discloses its policies and practices, action plans, environmental management systems (ISO 14001 standard) and programs in the field of environmental management on its website and/or Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting criteria were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	X				These issues are addressed in the Limited Assurance Report within Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg. 97-106
B3	Presented at A2.1.						
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, executives and employees) have been disclosed to the public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/562/cdpclimatechange2022.pdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/563/cdpwatersecurity2022.pdf
B5	The integration of the environmental issues, which are priority determined, with the business goals and strategy have been disclosed to public.	X				Enerjisa Enerji aims to develop a strategic and holistic approach related to economic, environmental and social factors and create long-term value by focusing on sustainability. Progress in this area is explained with detail in the Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf
B6	Presented at A2.4.						
B7	The integration of environmental management issues covering the customers and suppliers throughout the value chain of the company including the operational process with the business model and strategy have been disclosed to public.	X				Enerjisa Enerji expects its suppliers to comply with highest ESG standards and to have processes in place to achieve this. In this context, it asks its suppliers to sign the Enerjisa Supplier Code of Conduct and Compliance Statement and to comply with both the Enerjisa Enerji Anti-Bribery and Anti-Corruption Policy and the OHS and Environmental Policies. In addition, Enerjisa Enerji offers end-to-end solutions to its customers to increase energy efficiency and reduce carbon emissions under the umbrella of 'The Energy of My Business'.	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies https://www.enerjisainvestorrelations.com/en/sustainability/cdp-reports
B8	The cooperation with the non -governmental organizations and the environmental institutions and taking (or not) a part of the policy -making processes with those institutions have been disclosed to public.	X				Collaborations with associations, collaborations involving Board members and senior management are announced.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021.pdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf
B9	The environmental figures (Greenhouse ga s emmissions (Scope -1 (Direct), Scope -2 (Energy indirect), Scope -3 (Other indirect), air quality, energy management, water and waste water management, waste management, biodiversity impacts) and the environmental impacts have been disclosed to public with periodic comparison.	X				Enerjisa Enerji includes these indicators in its Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021.pdf Pg.152,153 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021.pdf Pg.109



Sustainability Principles Compliance Report

COMPLIANCE STATUS		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	LINK(s)
B10	The standard, protocol, methodology and the base year details for collection and calculation of the data have been disclosed to public.	X				References, such as the calculation of greenhouse gas emissions according to the GHG Protocol with reference to the IPCC AR5 report, are included in the Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.104
B11	The comparable increase or decrease rates with the previous years have been disclosed to public in the current period's report.	X				Enerjisa Enerji includes these indicators in its Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021pdf Pg.260 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.109
B12	The short-term and long-term targets are determined to decrease the environmental impacts; the called targets and the progress status in comparison to the previous years' targets have been disclosed to public.			X		The short term targets are determined (1 years) but long term target setting process is ongoing.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.22
B13	The strategy for tackle climate change is set out and the action plan has been disclosed to public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.74-76 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/562/cdpcclimatechange2022.pdf
B14	The programmes or procedures to prevent or to decrease to the minimum level of the negative environmental effects of the products and/or services have been disclosed to public.	X				Enerjisa Enerji offers its customers carbon reduction and renewable energy certificates in its product portfolio. In addition, it offers end-to-end solutions to increase energy efficiency and reduce carbon emissions under the 'The Energy of My Business' framework.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf
	The actions taken to make the third parties' (eg. supplier, subcontractor, dealer, etc.) decrease their greenhouse gas emission figures have been disclosed to public.	X				Enerjisa Enerji expects its suppliers to comply with highest ESG standards and to have processes in place to achieve this. In this context, it asks its suppliers to sign the Enerjisa Supplier Code of Conduct and Compliance Statement and to comply with both the Enerjisa Enerji Anti-Bribery and Anti-Corruption Policy and the OHS and Environmental Policies. In addition, Enerjisa Enerji offers end-to-end solutions to its customers to increase energy efficiency and reduce carbon emissions under the umbrella of 'The Energy of My Business'.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.45,46 https://www.enerjisainvestorrelations.com/en/corporate-governance/policies
B15	The environmental benefits/gainings and cost savings provided by the initiatives/projects to decrease the environmental impacts have been disclosed to public.	X				Enerjisa Enerji takes many actions to reduce its environmental impacts. In order to reduce environmental impacts in its activities, it conducts optimization studies on issues such as resource use and energy consumption, offers its customers products that reduce environmental impacts and develops projects within this scope. In addition, with R&D and Innovation units, to reduce environmental impacts; develops products, processes and services. Details of all these are provided in the Annual and / or Sustainability Reports. Benefit-cost analysis is performed in projects, and there is ongoing process to report financial gains and effects.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/562/cdpcclimatechange2022.pdf Pg.56-62

COMPLIANCE STATUS		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	LINK(s)
B16	Energy consumption (natural gas, diesel, gas, LPG, coal, electricity, heating, cooling, etc.) figures as Scope-1 and Scope-2 have been disclosed to public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.109
B17	The information about the produced electricity, heat, steam and cooling for the reporting period have been disclosed to public.				X	Electricity production, heat, steam and cooling are not within the scope of Enerjisa Enerji's operations.	
B18	The actions taken to increase renewable energy consumption, transit to zero or low carbon electricity have been disclosed to public.	X				Enerjisa Enerji gives importance to providing its customers with sustainable and innovative solutions. In this context, end-to-end solutions aimed at increasing the energy efficiency of corporate customers and reducing their carbon emissions were restructured under 'The Energy of My Business' roof in October 2020. This portfolio includes many environmentally friendly and sustainable energy solutions, ranging from solar power plants installation services, energy efficiency applications, cogeneration/trigeneration applications and electric vehicle charging station management to green energy certifications. Enerjisa Enerji also works to reduce carbon emissions and increase energy efficiency in its own consumption. In addition, 96% of the electricity consumption in all Enerjisa facilities was met from green energy supply. Data related to these issues is disclosed in the Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021pdf
B19	The renewable energy production and consumption figures have been disclosed to public.	X				Information on renewable energy supply is disclosed in the Annual and/or Sustainability Reports. Enerjisa Enerji is not involved directly in production activities.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf
B20	Energy productivity projects have been carried out and the decrease rates on energy consumption and emission based on those projects have been disclosed to public .	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.20
B21	Water consumption, underground or above - ground drawn water, recycled or discharged water figures, sources and procedures have been disclosed to public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.109
B22	It has been disclosed to public if the operations or activities included to any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax) or not.		X				
B23	The information on accumulated or purchased carbon credit in the reporting period has been disclosed to public .				X		
B24	The details have been disclosed to public if there is a carbon pricing mechanism at the company.				X		
B25	The platforms, which the environmental figures of the company are announced, have been disclosed to public.	X				CDP Report Enerjisa is publicly disclosed.	https://www.enerjisainvestorrelations.com/en/sustainability/cdp-reports
C. Social Principles							
C1. Human and Employee Rights							
C1.1	The Human Rights and Labour Rights Policy has been set out covering the United Nations Universal Declaration of Human Rights and the International Labour Organization principles, the responsible directors for execution of the policy are assigned and disclosed to public.	X				Enerjisa Enerji's Human Rights and Human Resources Policies address these issues.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/401/humanrightspolicy.pdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/402/humanresourcespolicy.pdf



Sustainability Principles Compliance Report

COMPLIANCE STATUS		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	LINK(s)
C12	The labour rights policy covers the fair workforce, improving work conditions, women's employment and inclusion (no discrimination on gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, trade union activities, political view, disability, social and cultural differences, etc.) considering the supply and value chain impacts.	X				Enerjisa Enerji explains its approach to equal opportunities and discrimination in its Human Rights, Human Resources and Diversity and Inclusion Policies.	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/
	The measures taken throughout the value chain to watch over the susceptible segments to certain economic, environmental, social factors (e.g. low income group, women, etc.) or minority rights/opportunity equality.	X				Enerjisa Enerji explains its approach to equal opportunities and discrimination in its Human Rights Policy and the measures taken in Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.65
C14	The preventive and improver practices on discrimination, inequality, human rights violation, forced labour, and child labour have been disclosed to public.	X				Enerjisa Enerji includes its procedures on these issues in its Human Rights Policy.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/401/humanrightspolicypdf
C15	The labour rights policy covers investment in employees (training, improvement policies), remuneration, side rights, right to unionize, work/life balance and skill management issues.	X				Enerjisa Enerji publishes its policies and practices concerning employee rights and talent management on the company's website, and in Annual and Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/401/humanrightspolicypdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/410/compensationpolicypdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/402/humanresourcespolicypdf
	The mechanism regarding the employee complaints and the dispute resolution process is determined.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.60
	The reported employee satisfaction activities in the period have been disclosed to public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.60
C16	Occupational Health and Safety Policy has been set out and disclosed to public.	X					https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/403/healthsafetypolicypdf
	The measures taken to prevent the work accidents, health protection and accident statistics have been disclosed to public.	X				Proactively managing OHS risks is a priority for Enerjisa Enerji at the senior management level. Details concerning the Occupational Health and Safety policy are available on the website. The measures taken and accident statistics are included in the Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.110 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/403/healthsafetypolicypdf
C17	Protection of the personal data and information security policy has been disclosed to public.	X				Enerjisa Enerji discloses its Data Security Policy and Information Security Management Approach on its website.	https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/policies https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/400/informationsecuritymanagementapproach.pdf

COMPLIANCE STATUS		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	LINK(s)
C18	Code of Ethics has been set out and disclosed to public.	X				Enerjisa Enerji has a Code of Conduct, which has been shared with all stakeholders both internally and on the website.	https://www.enerjisainvestorrelations.com/medium/Content/File/2485/enerjisacodeofconduct.pdf
C19							
C110	The informative meetings and training programmes on ESG practices organised for the employees.	X				Enerjisa Enerji provides training on Occupational Health and Safety and Environment, Ethics, Risk Management, Customer Satisfaction within the scope of ESG. Details are provided in the Annual and/or Sustainability Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021pdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf
C2. Stakeholders, International Standards and Initiatives							
C21	Customer satisfaction policy covering the management and solution of the customer complaints has been set out and disclosed to public.	X				Customer Satisfaction is a primary focus of Enerjisa Enerji's corporate strategy. Additionally, the Customer Satisfaction Policy is published on the website.	https://www.enerjisa.com.tr/tr/enerjisa-hakkinda/sirket-profil/politikalar/musteri-memnuniyeti-politikasi
C22	The information on communication with the stakeholders (whom, topic ve frequency) has been disclosed to public.	X				Stakeholders' views were considered within the scope of the materiality analysis. The Corporate Stakeholder Participation Plan can be accessed on the website. Details on stakeholder communication are included in the Annual and Sustainability Report.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/154/enerjisa2021faaliyetraporu.pdf Sf.130 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/1736/enerjisasurdurulebilirlikraporu2021pdf https://www.enerjisainvestorrelations.com/surdurulebilirlik/kurumsal-paydas-katilimi
C23	The international reporting standards adopted have been disclosed to public.	X				Enerjisa Enerji details its reporting standards (GRI) in its Sustainability Report.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/1736/enerjisasurdurulebilirlikraporu2021pdf
C24	The adopted principles, being a signatory or a member of an international institution, committee on sustainability have been disclosed to public.	X				Enerjisa Enerji is a signatory of the UN Global Compact, the UN Women's Empowerment Principles (WEPs) and IPG Business Plastics Initiative. This information is included in the Sustainability and/or Annual Reports.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021pdf https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf
C25	Improvement activities have been realized to be included Borsa İstanbul Sustainability Index and/or international index providers' sustainability indices.	X				Enerjisa Enerji is included in the Borsa İstanbul Sustainability Index since 2019, and continues to follow the standards and requirements of international indices to ensure compliance.	https://www.enerjisainvestorrelations.com/en/stock--debt-instruments/stock-information/index-info/
D. Corporate Governance Principles							
D1	It has been consulted with the stakeholders regarding the determination of the sustabinability measures and strategy.	X				Stakeholders' views were considered within the scope of the materiality analysis.	https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.29-33
D2	CSR projects, awareness activities and training programmes have been realized to increase the awaereness of on sustainability.	X				Enerjisa Enerji discloses this information in its Annual, Sustainability Reports and website.	https://www.enerjisa.com.tr/en/about-enerjisa/social-responsibility https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/494/enerjisaannualreport2021pdf Pg.168 https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/927/enerjisasustainabilityreport2021pdf Pg.71,72



CORPORATE GOVERNANCE

196	CORPORATE GOVERNANCE COMPLIANCE REPORT
200	CORPORATE GOVERNANCE INFORMATION FORM
206	ANNUAL GENERAL MEETING
208	LEGAL DEVELOPMENTS
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232	BUSINESS CONTINUITY MANAGEMENT PRACTICES
234	CORPORATE GOVERNANCE RATING
235	AFFILIATION REPORT VIEW
235	DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES CONDUCTED OUT OF THE COMPANY
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Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.		X				Independent auditors, Chairman of the Board, CEO and the relevant managers physically attended to the AGM.
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				All donations and grants are presented to the General Assembly and made in accordance with the Donation and Grants Policy. The total amount of the donations was disclosed. Details of the recipients are planned to be disclosed in the upcoming AGM in 2023.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			There is no article in the articles of association that regulates the participation of stakeholders in the General Assembly. However, the General Assembly Meeting minutes are made available to all stakeholders via the Public Disclosure Platform and the Company's corporate website.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There are no companies in which Enerjisa has cross-ownerships.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are determined in accordance with the relevant legislation, and there is no specific provision for the extension of minority rights in the Articles of Association. At the same time, attention is paid to the use of minority rights within the scope of TCC and CMB regulations.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	This was not stated as Enerjisa distributed dividend.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					



Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					A directors and officers liability insurance with a limit of 30 million USD has been provided for the individual liability of the managers and members of the Board of Directors regarding their faults during their duties. The amount of the insurance covers 25% of the Company's paid in capital as of 31.12.2022.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Board Member's assignments in different companies are limited on the basis of not creating conflict of interest during their term of office. An additional restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. Members of the Board of Directors do not have an assignment outside the company that will create a conflict of interest.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to Enerjisa shareholder structure, the requirement for committee chairs to be selected among independent Board members in accordance with the Corporate Governance Principles, the number of committees to be formed and the knowledge and experience requirements for members, Board Members take part in more than one committee. Members taking in part in more than one committee also ensure inter-committee communication and cooperation. Taking into account the professions, knowledge and experience of the members of the board of directors, competent persons related to the subject are appointed to the committees. Current structure does not prevent the committees from carrying out their duties effectively. In addition, it is ensured that the committees comply with the legal authority and responsibilities.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No external consultancy service is used for Board Committees.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				In disclosure of the remuneration and benefits provided to the Members of the Board of Directors and senior executives, a balance is targeted between the benefits of these persons that must be protected in terms of the Personal Data Protection Law and the transparency requirement of the shareholders and stakeholders in accordance with the Corporate Governance Communiqué. Remuneration Policy was prepared and presented to the shareholders and stakeholders as a separate item during the 2019 Ordinary General Assembly meeting. In addition, remuneration for the Members of the Board of Directors is submitted to the approval of the shareholders at the General Assembly meeting every year. Consolidated payments made to senior executives and Board of Directors are publicly disclosed in financial statement footnotes. Disclosure of remuneration in person, which is considered commercial secret for competitiveness, will be determined in line with the general practices in the country.



Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Enerjisa participated to 3 conferences and in total had 56 meetings with existing and potential investors.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1006572
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	All documents were presented in English simultaneously except the list of attendees. Since the list of attendees was taken from the system in Turkish, it was presented in Turkish.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	Such transactions do not exist.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	No transactions in the scope of Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/1004427
The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/donation-grants-policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/921884
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	N/A
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	https://www.kap.org.tr/en/Bildirim/1014141
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	N/A
The percentage of ownership of the largest shareholder	40%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	N/A
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Under the Corporate Governance - Policies section of the Investor Relations website. (https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/dividend-policy)
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Not proposed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Not proposed.

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Percentage of shares represented by proxy Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations received by the board of directors	The link to the related PDP general shareholder meeting notification
30.03.2022	0	88%	0.00%	87.72%	Corporate Governance section of the IR web site.	https://www.enerjisainvestorrelations.com/Media/Default/pdf/genel-kurul/Enerjisa-2021-Meeting-Minutes-of-Ordinary-General-Assembly.pdf	N/A	0	https://www.kap.org.tr/tr/Bildirim/1006572

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Under the tabs on the Investor Relations website.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	https://www.enerjisainvestorrelations.com/en/corporate/shareholder-structure
List of languages for which the website is available	Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	SECTION NAME: DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES CONDUCTED OUT OF THE COMPANY AND DECLARATIONS OF INDEPENDENCE
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/BOARD OF DIRECTOS MEETINGS
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the 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	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS



Corporate Governance Information Form

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/Compensation-Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	19
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Head of Internal Audit
The contact detail of the company alert mechanism	https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/working-principlesethical-statement
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy
Corporate bodies where employees are actually represented	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy , https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy , https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy , https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/Anti-retaliation-policy , https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy
The number of definitive convictions the company is subject to in relation to health and safety measures	7
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu
Any measures combating any kind of corruption including embezzlement and bribery	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/anti-bribery-anti-corruption-policy

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	2.12.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	N/A
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	29 process audit reports and 95 ethics investigations
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS
Name of the Chairman	Kıvanç Zaimler
Name of the CEO	Murat Pınar
If the CEO and Chair functions are combined; provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not combined.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/1017110
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy
The number and ratio of female directors within the Board of Directors	2 - 25%

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
KIVANÇ ZAIMLER	Non-executive	Not independent director	1.07.2018		Not considered	No	No
JOHAN MAGNUS MOERNSTAM	Non-executive	Not independent director	1.08.2020		Not considered	No	Yes
HAKAN TİMUR	Non-executive	Not independent director	28.08.2019		Not considered	No	No
THORSTEN LOTT	Non-executive	Not independent director	1.01.2022		Not considered	No	Yes
NUSRET ORHUN KOSTEM	Non-executive	Not independent director	1.04.2022		Not considered	No	Yes
GUNTRAM WÜRZBERG	Non-executive	Not independent director	1.04.2022		Not considered	No	No
FATMA DİLEK YARDIM	Non-executive	Not independent director	29.03.2018	https://www.kap.org.tr/en/Bildirim/915655	Considered	No	Yes
KAMURAN UÇAR	Non-executive	Not independent director	1.04.2022	https://www.kap.org.tr/en/Bildirim/1015064	Considered	No	No



Corporate Governance Information Form

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	5
Director average attendance rate at board meetings	90%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	Article 10 - Articles of Association (https://www.enerjisainvestorrelations.com/en/corporate/articles-of-association)
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	N/A

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES
Link(s) to the PDP announcement(s) with the board committee charters	Under Committee Charter tab in Investor Relations website, https://www.kap.org.tr/en/Bildirim/1004425 , https://www.kap.org.tr/en/Bildirim/1015065 , https://www.kap.org.tr/en/Bildirim/1072715

Composition of Board Committees-I

Names Of The Board Committees	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Fatma Dilek Yardım	Yes	Board Member
Audit Committee	Kamuran Uçar	No	Board Member
Committee of Early Detection of Risk	Fatma Dilek Yardım	Yes	Board Member
Committee of Early Detection of Risk	Kamuran Uçar	No	Board Member
Committee of Early Detection of Risk	Nusret Orhun Köstem	No	Board Member
Committee of Early Detection of Risk	Thorsten Lott	No	Board Member
Corporate Governance Committee	Kamuran Uçar	Yes	Board Member
Corporate Governance Committee	Guntram Würzberg	No	Board Member
Corporate Governance Committee	Hakan Timur	No	Board Member
Corporate Governance Committee	Pınar Saatcıoğlu	No	Not Board Member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	SECTION NAME: RISKS AND THE EVALUATION OF THE MANAGEMENT BODY/COMMITTEES

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	SECTION NAME: COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Under Corporate Governance - Policies section of the Investor Relations website (https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/remuneration-policy)
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	SECTION NAME: FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE MANAGEMENT BODY AND THE SENIOR-LEVEL EXECUTIVE OFFICERS

Composition of Board Committees-II

Names of the Board Committees	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee	100%	100%	4	4
Committee of Earl Detection of Risk)	100%	50%	3	7
Audit Committee	75%	25%	4	4



Annual General Meeting

2021 ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Company held its Ordinary General Meeting of Shareholders for the fiscal year 2021 with an 88% attendance rate on March 30, 2022. No meeting agenda proposals were made by the shareholders.

The invitations to the General Meeting of Shareholders are made by the Board of Directors in accordance with the Turkish Commercial Code, the Capital Markets Law and the Articles of Association of the Company. The meeting minutes were announced to the public on the Company website and the Public Disclosure Platform (KAP).

The decision to hold a General Meeting is announced to the public through the Public Disclosure Platform and the Electronic General Assembly System (E-GKS). General Assembly announcements are made in accordance with legal regulations at www.enerjisainvestorrelations.com 21 days before the General Assembly at the latest to address the highest possible number of shareholders.

2021 DIVIDEND

Pursuant to the review of the audited Consolidated Financial Statements for the year 2021 prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to distribute TL 1.24 per share in cash dividend to all shareholders, equivalent to TL 1,464,525,519. This dividend corresponds to a 60.6% payout of Underlying Net Income for the fiscal year 2021 of TL 2,415,000,000.

DIVIDEND DISTRIBUTION PROPOSAL FOR 2022

Pursuant to the review of the Consolidated Financial Statements for the year 2022, prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, it was resolved to propose to the General Assembly to distribute the profit as follows:

- Distribution of total TL 2,716,458,624.38 dividend (Gross 230%, Net 207%) from TL 14,430,408,611.13 Consolidated Net Distributable Profit including the donations incurred between 01.01.2022 - 31.12.2022 in cash to the shareholders who are representing the TL 1,181,068,967.12 capital and
- Distribution of the cash dividend, within April 2023.

The above calculation translates to a proposed dividend per share (DPS) of 2.30 Turkish Lira and translates to a payout ratio of 60.89% of TFRS Underlying Net Income.

ENERJİSA ENERJİ A.Ş.

AGENDA FOR THE 2022 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 29 MARCH 2023, AT 10.00 A.M

- 1) Opening and formation of the Meeting Council,
- 2) Reading and discussion of the 2022 Activity Report of the Board of Directors,
- 3) Reading the 2022 Independent Auditor's Reports,
- 4) Reading, discussion and approval of the 2022 Financial Statements,
- 5) Presenting the members of the Board of Directors, which were appointed during the current year due to the occurrence of the absence in the Board of Directors' membership to serve for the remaining period for the approval of the General Assembly,
- 6) Release of the members of the Board of Directors with regard to the 2022 activities,
- 7) Discussion and approval of the amendment to be made on the Dividend Policy,
- 8) Determination of the usage of the 2022 profit, dividend and dividend per share to be distributed,
- 9) Determination of the salaries, attendance fees, bonus, premium and similar rights to be paid to the members of the Board of Directors,
- 10) Election of the auditor,
- 11) Informing the General Assembly regarding the donations and grants made by the Company in 2022,
- 12) Determination of an upper limit for donations to be made in 2023,
- 13) Granting permission to the Chairman and members of the Board of Directors for the activities under the Articles 395 and 396 of the Turkish Commercial Code,
- 14) Wishes and requests.

ENERJİSA ENERJİ ANONİM ŞİRKETİ



Legal Developments

1- GENERAL INFORMATION

a) Accounting period that the report relates to	: 01.01.2022 – 31.12.2022
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) The organization, capital and shareholding structures of the Company and related changes in the fiscal period

Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2021		31.12.2022	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	472,427,587.56	40.0	472,427,587.56	40.0
DD Türkiye 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:

None.

d) Remarks on privileged shares and voting rights of such shares, if any: Not available.

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

Members of the Board of Directors:

The members of the Company's Board of Directors and independent board members are as follows:

Member of Board of Directors	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 Lott	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

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.

As of 31 December 2022 the organization of senior management is as below:

- Murat Pınar, CEO
 - Dr. Michael Moser, CFO
- The Group has 11,685 employees as of 31.12.2022.

f) 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/medium/ReportAndPresentation/File/402/humanresourcespolicy.pdf>

g) 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 may not execute any transaction with the Company on their own behalf or for or on account of others, personally or indirectly, without the prior permission of the General Assembly. During the period of 01.01.2022 – 31.12.2022, 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.

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 for employee services is shown below in thousands of Turkish Lira:

3- RESEARCH AND DEVELOPMENT ACTIVITIES

During the period of 01.01.2022 - 31.12.2022, TL 10.873.163,18 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:

Credit Rating

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 June 2022. The Long Term International Foreign and Local Currency Ratings are both affirmed at "BBB+ / (Stable Outlook)"

On 16 December 2022, international credit rating agency Fitch Ratings has affirmed the National Long-Term Ratings of Enerjisa Enerji A.S. as "AA+(tur)". The Rating Outlook has been revised from Stable to Negative.

Corporate Governance Rating

On 21 December 2022, independent corporate governance rating agency SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) has increased corporate governance rating of Enerjisa Enerji from 95,09 to 95,50 (out of 100).

The legislative changes specific to the electricity sector in the year 2022 are summarized below:

Eligible Consumer Limit for the Year 2022: With the Board of Energy Market Regulatory Authority (hereinafter referred as shortly "the Board" and "EMRA") Decision dated 16.12.2021 and numbered 10623, which was promulgated in the Official Gazette dated December 22, 2021 and numbered 31697, it has been decided to reduce the eligible consumer limit to 1100 kWh for the year 2022, as of 01.01.2022 (The eligible consumer limit was determined as 1200 kWh in 2021).



Legal Developments

Eligible Consumer Limit for the Year 2023: With the Board of Energy Market Regulatory Authority (hereinafter referred as shortly “the Board” and “EMRA”) Decision dated 29.12.2022 and numbered 11496, which was promulgated in the Official Gazette dated December 30, 2022 and numbered 32059, it has been decided to reduce the eligible consumer limit to 1000 kWh for the year 2023, as of 01.01.2023 (The eligible consumer limit was determined as 1100 kWh in 2022).

Amendments on Consumption-Based Graded Electricity Tariff: With the Board Decision numbered 10707, dated 31.12.2021, which was promulgated on the 6th Repeated Official Gazette numbered 31706, dated 31.12.2021, it has been decided for Household Subscriber Group (low-voltage level and single time period) as of January 1, 2022 that (i) Low-level consumption-based graded tariff shall be applied for the average consumption up to 5 kWh for a day (ii) High-level consumption-based graded tariff shall be applied for the average consumption more than 5 kWh and, Low-level consumption-based graded tariff shall be applied for the consumption up to 5 kWh. With the Board Decision dated 31.01.2022 and numbered 10756 published in the Official Gazette dated 1 February 2022 and numbered 31737, the 5 kWh limit for the AG Single-Time Subscriber Group was updated as 7 kWh for the invoices to be issued as of February 1, 2022. Later on, with the Board Decision numbered 10818 and dated 28.02.2022, which was promulgated on the Official Gazette numbered 31765 and dated 01.03.2022, it has been decided to update the daily average consumption amount determined as 7 kWh that constitutes a basis to invoices to 8 kWh for the Household Subscriber Group (low-voltage level and single time period) for the invoices to be issued as 01.03.2022.

In addition, with the Board Decision dated 03.02.2022 and numbered 10759 published in the Official Gazette dated February 4, 2022 and numbered 31740 and the Board Decisions dated 31/03/2022 and numbered 10892 published in the Official Gazette dated April 3, 2022 and numbered 10892, regulations on the implementation methods of the consumption based graded tariff for unlicensed producers has been published.

With the Board Decision dated 28.02.2022 and numbered 10819 published in the Official Gazette dated March 1, 2022 and numbered 31765, as of 01.03.2022 for the commercial low voltage single-time subscriber group; (i) It has been decided to apply a low-level tariff to the consumptions up to the daily average consumption of 30 kWh as a basis for the invoice, (ii) To apply a low-level tariff to the consumptions up to the specified limit, of the consumptions above the average daily consumption of 30 kWh as the basis for the invoice, and to apply a high-level tariff to the part exceeding the limit.

	As of 01.01.2022	As of 01.07.2022	As of 01.08.2022
Consumer Group	Consumption Volume (kWh/ year)	Consumption Volume (kWh/ year)	Consumption Volume (kWh/ year)
Household	50 million	50 million	100 million
Agricultural Irrigation	7 million	7 million	100 million
Commercial	3 million	1 million	1 million
Industrial	3 million	1 million	1 million
Lighting	3 million	1 million	1 million

Amendment to the Electricity Market License Regulation: By the Amendment Regulation published in the Official Gazette dated March 10, 2022 and numbered 31774, it has become obligatory to obtain the opinion from TEİAS in case of the establishment of a storage facility. In case the legal entities holding the supply license apply for the establishment of a storage facility, the permission under the Environmental Impact Assessment Regulation shall be submitted to the Board of EMRA. In this case, capital adequacy and assurance obligation shall not be sought. The general manager and the assistant general managers, and the other managers having the authority to sign in positions equivalent to or higher than the assistant general manager in terms of their powers and duties, even if they are employed with other titles, of the distribution companies, are not able to simultaneously take charge

Amendment on the Consumption Volume of the Last Resource Tariff for the Year 2022: Board Decision dated 21.10.2021 and numbered 10502 published in the Official Gazette dated 23.10.2021 and numbered 31637, Board Decision dated 31.03.2022 and numbered 10907 in the Official Gazette dated 02.04.2022 and numbered 31907 and The last resource supply tariff determined for the year 2022 with the Decision of the Energy Market Regulatory Board dated 28.07.2022 and numbered 11095, published in the Official Gazette, is as follows:

in other companies, which provides services to the electricity market and to the companies providing services related to the electricity market, except for other electricity distribution companies with the same partnership structure. The notification address registered in the license of the distribution company cannot be a place other than the distribution region in which it operates. These obligations shall be fulfilled until 1 July 2022. Service procurement related to collection transactions has been included in the subjects that the distribution company may receive service.

Amendments to the Regulation on Electricity Market Connection and System Usage: With the Amendment Regulation published in the Official Gazette dated March 22, 2022 and numbered 31786, in Article 7 of the Regulation, which covers the rules of “Contract Power”, under

the third section titled “Connection to the Transmission System and System Usage”, in case it is requested by the Ministry of Energy and Natural Resources on the grounds of supply security, generation facilities may supply electrical energy to the system above the contract power, for a period to be determined by the Board and within the framework of the principles specified in the relevant Board decision. In this respect, the energy supplied to the system above the contract power shall not be considered as power overload

By the Amendment Regulation published in the Official Gazette dated 8 September 2022 and numbered 31947, a new concept named “agricultural connection line” was arranged, and the connection lines established for agricultural activity were named “agricultural connection lines”. The purpose of agricultural activity is not defined in the Regulation, and “Agricultural activities subscriber group” is included in the Procedures and Principles Regarding Tariff Applications of Distribution License Holders and Authorized Supply Companies. In the agricultural connection line facility, the application provision has been stipulated according to the distance of the places of use from the network and the place of use. According to this, (i) at least 2 applications are required for locations up to 2 km; (ii) at least 5 applications are required for locations up to 5 km. A limit of 500 meters has been determined for the place of use in agricultural connection applications by the Amendment Regulation. This limit is calculated starting from the part outside the boundaries of the user-owned land where the usage area is located. Sections exceeding 500 meters are subject to the rules for the construction of the distribution facility. However, the network elements subject to common use will be installed by the relevant distribution company. Agricultural connection lines become distribution facilities with the temporary admission. With the amendments made, it has been decided that the distribution company will make the main energy line

and that the subscribers can benefit from these lines in order to facilitate the access of agricultural irrigation subscribers to electricity. Within this scope, it was ensured that agricultural irrigation subscribers were able to receive energy directly from the distribution company line, by eliminating the connection to someone else’s line and other permit processes. In addition, if technical requirements are met, it is possible to provide low voltage connection view outside the adjacent area without depending on the distance, and it has been made possible for the subscribers to pay the connection fee for only 200 meters.

With the Amendment Regulation published in the Official Gazette dated 19 November 2022 and numbered 32018, Article 5/A of the Electricity Market Connection and System Usage Regulation, which regulates the connection opinions given for electricity storage facilities, has been repealed.

The Regulation on Charging Service has entered into force: The Additional Article 5 under the heading “Charging service” has been added to the Electricity Market Law by the Law numbered 7346 and dated 21.12.2021. By defining the electric vehicle, it has been ensured that the charging network operator is determined with a license, that this operator authorizes third parties to establish and operate the charging stations on the account of the charging network operator, and that the charging service is provided to the charging user with certain advantages with a loyalty agreement. The Additional Article 5 regulates charging service and charging network operator license ownership. It is aimed that the regulations within this scope must be entered into force within 3 months from the enforcement date of the law and the current status of the charging service providers must be complied with the Law and the Regulation within 4 months from the enforcement of the mentioned regulation. The important developments and amendments brought by the Charging Services Regulation published in the Official

Gazette dated April 2, 2022 and numbered 31797. By the Regulation (i) Determination of the charging network operator by granting a license, (ii) Establishment of charging station in the charging network operator through the certificate issued by the charging network operator, (iii) Expropriation of the immovable to be needed by the charging network operator, (iv) To be able to service throughout the country of charging network operating license holder (v) The Information Security responsibility of charging network operator, (vi) Freely price determination and prohibition to determine another service or unit price other than charging fee (vii) Difference of a maximum 25% between users who have a loyalty agreement and those who do not (viii) Protection of users within the scope of under the Consumer Protection Law (ix) Conducting of a loyalty agreement in a writing or distant manner has been regulated.

With the Amendment Regulation published in the Official Gazette dated 31 December 2022 (5th repeated) and numbered 32060, Temporrary Article has been added to the Regulation. Time was given to legal entities holding the existing charging network operator license until 30/6/2023 for the creation of charge network within the scope of the second paragraph of Article 15 of the Amendment Regulation on Charging Service Regulation and legal entities holding the existing charging network operator license. 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, it may be filed a criminal complaint to the Public Prosecutor’s Office against real or legal persons whose illegal electrical energy consumption is detected.



Legal Developments

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. With the Regulation, preparing an annual Maintenance Plan, reporting by GIS and Maintenance Management System, monitoring in real time, installing remote measurement and/or controlling systems, creating GIS, preparing emergency management plans, having mobile generators, establishing User Service Centers has been brought.

Amendments to the Procedures and Principles regarding Tariff Applications of Legal Entities holding Distribution License and Authorized Supply Companies: With the decision of the Energy Market Regulatory Board dated 24.02.2022 and numbered 10817 published in the Official Gazette dated March 1, 2022 and numbered 31765, the associations and foundations and their branches, excluding their economic enterprises, the sanctuaries called “Cemevi” and the facilities used for supplying and distributing drinking water in villages are included in the scope of the household subscriber group. The summary of the amendments brought to the Procedures and Principles Regarding the Tariff Applications of Distribution Authorized Supply Companies with the Board Decision dated 28.04.2022 and numbered 10961, published in the Official Gazette dated April 30, 2022 and numbered 31825 is as follows:

- The name of the commercial subscriber group was changed to the public and private services sector and the other subscriber group; the name of the agricultural irrigation subscriber group was changed to the agricultural activities subscriber group.
- It has been added that the applications to be made regarding the subscriber groups can also be made through the permanent data register.
- Article 9 regarding short-term electrical energy demands has been amended entirety, and it has been regulated that the duration of these requests can be up to 6 months at the most and that the uses will be subject to the public and private services sector and other subscriber groups.

With the Board Decision dated 27.10.2022 and numbered 11338 published in the Official Gazette dated 30.10.2022 and numbered 31998, “mukhtar service buildings” were added to the “residential” subscriber group.

Amendment to Regulation on Measurement and Measuring Instruments Inspection:

A provisional article related to the periodical control of electricity meters has been added by the Regulation on the Amendment of the Measuring and Measuring Instruments Inspection Regulation (“Regulation”) published in the Official Gazette dated 9 August 2022 and numbered 31918. It has been regulated that the inspection of the electricity meters, which were presented to the Ministry for the inspection in the period of 2021-2022 periodical inspection application period, but those periodic inspection could not be made, shall be mandatory until 31/12/2023. This provisional clause shall be applied only the electricity meters, which placed on the market between 1/1/2011 – 31/12/2012 or the last inspection was made between these dates and still in use. In addition, it has been regulated that the persons, who are responsible of the fulfilment of the electricity meter inspections and did not fulfil this requirement until 31/12/2023, shall be charged for the use of electricity meters, which the stamp period has ended, pursuant to the Law numbered 3516. The amendment entered into force on August 9, 2022.

Amendments to Unlicensed Electricity Generation Regulation in the Electricity Market:

By the Amending Regulation, which came into force after being published in the Official Gazette dated 11 August 2022 and numbered 31920, an exception has been made to the requirement that the generation facilities and consumption facilities of real or legal persons who will establish a generation facility must be within the same distribution region. Within the scope of subparagraph 5/1/(h), a production facility may also be established outside the distribution license area where the consumption facility is located. Some regulations have been introduced regarding the exemption of irrigation unions from obtaining licenses and establishing companies. For facilities over 10 MW, it is desired to provide the possibility of connecting directly to the system (feeder). The deadlines for the acceptance

procedures (commissioning) of the production facilities have been rearranged from the date of signing of the system connection agreement.

With the Regulation published in the Official Gazette dated 01.10.2022 and numbered 31970 and the Amendment Regulation published in the Official Gazette dated 12.05.2019 and numbered 30772, the following changes were made in the articles 26, 28 and 30 of the Unlicensed Electricity Generation Regulation and Provisional Article 7 has been added to the Regulation.

With the Amendment Regulation of Unlicensed Electricity Generation Regulation published in the Official Gazette dated 31 December 2022 (5th repeated) and numbered 32060, within the scope of Provisional Article 7, amendments have been made in the transition periods determined within the scope of clearing transactions for applications to be made within more than one distribution and/or assigned supply region.

Legislative Arrangements for Storage Electricity Generation Facility:

Legislative arrangements have been made for electricity generation facilities with storage by the following regulations published in the Official Gazette dated 19 November 2022 and numbered 32018: Regulation Amending the Electricity Market Balancing and Settlement Regulation, Regulation Amending the Electricity Market License Regulation, Amendment to the Regulation on Storage Activities in the Electricity Market, Amendment to the Electricity Grid Regulation, Certification and Support of Renewable Energy Resources With the Amendment in the Regulation, the Scope of Automatic Meter Reading Systems and the Amendment to the Procedures and Principles Regarding the Determination of Meter Values.

Receivables to be considered as worthless receivables within the scope of Article 322 of the Tax Procedure Law: With the Law no 7420 Amending Income Tax Law and Some Laws and Decrees promulgated in the Official Journal dated 09.11.2022 numbered 320008 tax incentives regarding rooftop solar power plans was raised from 25 kWh to 50 kWh.

As per provisional Article 2 of Law no 7420 as of the date of 15/8/2022 according to Execution and Bankruptcy Law and Law no 7155 on Procedures Initiating Execution Files Regarding Pecuniary Receivables Arising from Subscription Agreements, receivables which are the subject of the execution files are deemed as “worthless receivables” within the scope of article 322 of Tax Procedure Law providing that creditors terminate execution proceedings by waiving with a petition until the end of 6 months starting from 09.11.2022, from the receivables whose debtors are natural persons are less than 2,000 TL including ferries, at the date of the initiating execution files; and as of the date of 15/8/2022 from the receivables whose amount are decreased to 2,000 TL because of collection, for each execution files.

New License Type, Aggregator License: With the Law published in the Official Gazette dated 28 December 2022 and numbered 32057, “aggregation” and “aggregation activity” were added to the Electricity Market Law No. 6446. A new license named “Aggregator” has been defined.

Board Decision dated 17.11.2022 and numbered 11410: With the said Board Decision dated published in the Official Gazette dated 22.11.2022 and numbered 32021, the board decision dated 27.03.2014 and numbered 4935-19 regarding that a legal entity holding a generation license cannot obtain a supply has been repealed.

- Electricity tariffs: With the decisions of Energy Market Regulatory Authority (“EMRA”), which were entered into force by publishing in the Official Gazette, the tariffs, to be subjected to electricity bills,
- To be applied by the distribution companies to distribution system users, and to be applied by the authorized supply companies to i) non-eligible consumers (=eligible consumer limit for 2022 is 1100 kWh) ii) consumers who do not choose the supply company although they are eligible consumers iii) consumers with low consumption, defined in the Communiqué on the Regulation of the Last Source Supply Tarif
 - To be applied by the authorized supply companies to the consumers choosing green tariff

have been amended respectively on 31.12.2021, 31.03.2022, 31.05.2022, 30.06.2022, 31.08.2022 and 29.09.2022. Some amendments are summarized below:

Low Voltage Single Term General Lighting Unit Price (kr/kWh)					
As of 01.01.2022 (EMRA Decision No: 10708 Date: 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10909 Date: 31.03.2022)	As of 01.06.2022 (EMRA Decision No: 10997 Date: 31.05.2022)	As of 01.07.2022 (EMRA Decision No: 11055 Date: 30.06.2022)	As of 01.09.2022 (EMRA Decision No: 11158 Date: 31.08.2022)	As of 01.10.2022 (EMRA Decision No: 11272 Date: 29.09.2022)
170,4791 kr/kWh	237,5847 kr/kWh	237,5847 kr/kWh	294,9175 kr/kWh	294,9175 kr/kWh	391,1547 kr/kWh
Yeşil Tarife Tablosu					
As of 01.01.2022 (EMRA Decision No: 10708 Date: 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10909 Date: 31.03.2022)	As of 01.06.2022 (EMRA Decision No: 10997 Date: 31.05.2022)	As of 01.07.2022 (EMRA Decision No: 11055 Date: 30.06.2022)	As of 01.09.2022 (EMRA Decision No: 11158 Date: 31.08.2022)	As of 01.10.2022 (EMRA Decision No: 11272 Date: 29.09.2022)
189,0181 kr/kWh	204,8204 kr/kWh	262,2851 kr/kWh	262,2851 kr/kWh	405,9469 kr/kWh	405,9469 kr/kWh

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 (kr/kWh)				
As of 01.01.2022 (EMRA Decision No: 10706 Date 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10908 Date: 31.03.2022)	As of 01.07.2022 (EMRA Decision No: 11054 Date: 30.06.2022)	As of 09.08.2022 (EMRA Decision No: 11114 Date: 08.08.2022)	As of 01.10.2022 (EMRA Decision No: 11271 Date: 29.09.2022)
31,8592 kr/kWh	31,8592 kr/kWh	31,8592 kr/kWh	31,8592 kr/kWh	31,8592 kr/kWh
Sales Made to Incumbent Retail Companies (kr/kWh)				
As of 01.01.2022 (EMRA Decision No: 10706 Date 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10908 Date: 31.03.2022)	As of 01.07.2022 (EMRA Decision No: 11054 Date: 30.06.2022)	As of 09.08.2022 (EMRA Decision No: 11114 Date: 08.08.2022)	As of 01.10.2022 (EMRA Decision No: 11271 Date: 29.09.2022)
31,8592 kr/kWh	31,8592 kr/kWh	31,8592 kr/kWh	110,0321 kr/kWh	110,0321 kr/kWh
Sales to Distribution Companies within the Scope of General Lighting (kr/kWh)				
As of 01.01.2022 (EMRA Decision No: 10706 Date 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10908 Date: 31.03.2022)	As of 01.07.2022 (EMRA Decision No: 11054 Date: 30.06.2022)	As of 09.08.2022 (EMRA Decision No: 11114 Date: 08.08.2022)	As of 01.10.2022 (EMRA Decision No: 11271 Date: 29.09.2022)
135,0000 kr/kWh	200,0000 kr/kWh	256,0000 kr/kWh	256,0000 kr/kWh	350,0000 kr/kWh

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:



Legal Developments

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	As of 01.08.2022	As of 01.09.2022	As of 01.01.2023
Minimum;	Minimum;	Minimum;	Minimum;	Minimum;	Minimum;	Minimum;
0 TL/MWh,	0 TL/MWh,	0 TL/MWh,	0 TL/MWh,	0 TL/MWh,	0 TL/MWh,	0 TL/MWh,
Maximum;	Maximum;	Maximum;	Maximum;	Maximum;	Maximum;	Maximum;
2.500 TL/ MWh	2.750 TL/ MWh	3.200 TL/ MWh	3.750 TL/ MWh	4.000 TL/ MWh	4.800 TL/ MWh	4.200 TL/ MWh

Türkiye Elektrik İletim A.Ş. Tariffs:

With the EMRA Board Decision numbered 11538 and dated 29.12.2022 published in the Official Gazette dated 30.12.2022 and numbered 32059 (2nd repetition), the transmission system usage and system operation tariffs to be applied by TEİAŞ as of 01.01.2023, for producers and consumers, are in Annex-1. It has been determined on the basis of 15 regions in Annex-2 within the framework of the Transmission System System Usage and System Operation Tariffs Calculation and Application Method statement.

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. The maximum settlement prices were determined as 2,500 TL/MWh for imported coal/natural gas/fuel oil/ naphtha/LPG/diesel oil and as 1,200 TL/ MWh for other resources.

In accordance with EMRA Decision No. 11082 published in the Official Gazette dated 29.07.2022 and numbered 31907 and the article titled guarantee of the Procedures and Principles; guarantee calculation will be made according to the difference between fixed price value in the bilateral agreements and maximum settlement price (instead of the difference between the market clearing price value and the maximum settlement price during the settlement period), for market participants who present their documents regarding their sale of electricity at a fixed price by bilateral agreement and whose bilateral agreements are accepted as a result of examinations.

EMRA Decisions published in the Official Gazette dated 30.09.2022 and numbered 31969 are as follows:

- Formula for guarantee amount to be requested from the market participants within the scope of the support fee was revised with EMRA Decision No. 11269.
- With EMRA Decision No. 11270, within the scope of the 1st and 2nd sub-articles of Article 4 regarding the determination of the maximum settlement price and support fee of the Procedures and Principles, it was decided to apply support fee for 6 months from 01.10.2022 in order to support consumers and/ or high-cost generation. Maximum settlement prices to be used in determining support fee were specified as 2,050 TL/MWh for domestic coal; 2,750 TL/MWh for imported coal; 4,500 TL/MWh for natural gas/fuel/naphtha/ LPG/diesel oil and 1,540 TL/MWh for other sources.
- With EMRA Decision No. 11274, formulas of the resource based maximum settlement prices within the scope of sub-article 4 of Article 4 of the Procedures and Principles were updated and will be applied as of 01.10.2022.

With the Board Decision of the Energy Market Regulatory Board dated 29.12.2022 and numbered 11498, within the framework of Article 8 of the Procedures and Principles Regarding the Determination and Implementation of the Support Fee on the Basis of Source; until the date of 31.03.2022, the market participants are obliged to present 50% of the collateral amounts they are obliged to present to the Market Operator by being calculated within the framework of the second paragraph of Article 8 of the Procedures and Principles regarding the support fee debt amounts that are foreseen to be reflected on their invoices for the invoice periods whose invoice deadline has not passed. The Decision entered into force on 01.01.2023. With the Board Decision of the Energy Market Regulatory Board dated 05.01.2023 and numbered 11540, the date of 31.03.2022 specified in the Board Decision no 11498 has been corrected as 31.03.2023.

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 IntraDay 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.

With EMRA Board Decision No. 11503, published in the Official Gazette dated 30.12.2022 and numbered 32059 and entered into force as of 01.01.2023, within the scope of the 11th paragraph of the DUY 132/D article; it has been decided to establish a transaction within the framework of the eleventh paragraph of Article 132/D of the Regulation for the amount of maximum 50% (fifty percent) of the advance payment notifications specified in the first paragraph of Article 132/Ç of the Regulation for of authorized supply companes.

With the Law Amending the Tax Procedure Law and Some Laws, published in the Official Gazette dated 26 November 2022 and numbered 32025, an article was added to the Electricity Market Law, and the lighting expenses of the cemevis would be covered from the appropriation to be included in the budget of the Ministry of Culture and Tourism.

With the EMRA Decision dated 08.12.2022 and numbered 11436-1 published in the Official Gazette dated 13 December 2022 and numbered 32042, the Declaration on the Fees to be Applied for Meeting the Electricity Market Operation Revenue Ceiling and the Implementation Method Statement It has been decided that the market transaction fees for 2023 will be applied within the scope of the Method Notice.

With the EMRA Decision dated 08.12.2022 and numbered 11436-2 published in the Official Gazette dated 13 December 2022 and numbered 32042, the Fees and Commissions to be Applied for Meeting the Term Electricity Market Operation Income Cap of Energy Market Operations Inc. and the Implementation Method The notification was accepted and it was decided to apply the market operating fees for 2023 within the scope of the relevant Method Notifications.

With the EMRA Decision dated 08.12.2022 and numbered 11436-3 published in the Official Gazette dated 13 December 2022 and numbered 32042, Renewable Energy Resource Guarantee system and Organized YEK-G Market Operation Revenue Ceiling of Energy Market Operations Inc. The fee to be applied and the Commissions and the Method Statement Regarding Implementation were accepted and it was decided to apply the market operating fees for the year 2023 within the scope of the relevant Method Statements.

With the EMRA Decision dated 15.12.2022 and numbered 11458 published in the Official Gazette dated 17 December 2022 and numbered 32046, the fees for obtaining associate license and license, annual license, license renewal, associate license and license amendment, associate license and issuing a copy of license have been determined.

Projected 2023 YEKDEM Costs:

With the EMRA Board Decision numbered 11538 and dated 29.12.2022, published in the Official Gazette dated 30.12.2022 and numbered 32059 (2nd repeated), the estimated YEKDEM costs per unit energy supplied for the year 2023 have been approved.

In the months when the projected YEKDEM cost is negative, it has been decided to determine the projected YEKDEM cost, which is a reference for bilateral agreements, and the predicted YEKDEM cost, which is used in calculating the last resource supply tariff for high consumption consumers, as “0 TL (MWh)”.

With the Communiqué published in the Official Gazette dated 31 December 2022 and numbered 32060, the discount interest rate to be applied in rediscount transactions by the Central Bank of the Republic of Türkiye was determined as 9.75 percent annually, and the interest rate to be applied in advance transactions was determined as 10.75 percent annually.



Legal Developments

Developments in 2022 Regarding the Annulment Case Initiated Against the Administrative Fine Imposed by the Competition Authority Against Istanbul Anadolu Yakası Elektrik Dağıtım A.Ş.:

Following the decision of the Competition Board to initiate an investigation on December 28, 2016 to determine whether there has been a violation of Article 6 of the Law on the Protection of Competition against electricity distribution and authorized supply companies in the Istanbul Anadolu Yakası, Başkent and Toroslar electricity distribution regions, the Competition Board decided to impose an administrative fine of TRY 10,630,720.95 on Istanbul Anadolu Yakası Elektrik Dağıtım A.Ş. as a result of the investigation conducted with the Board Decision dated 08.08.2018 and numbered 18-27/461-224. The administrative fine was paid on 07.03.2019 with a 25% discount.

Our company filed an annulment lawsuit against the Competition Board's decision on April 5, 2019, and the first instance court trial of the case was concluded. With the decision of Ankara 13th Administrative Court dated 16.07.2020 and numbered E.2019/660 K.2020/1315, the lawsuit filed by Istanbul Anadolu Yakası Elektrik Dağıtım A.Ş. was accepted. The decision was notified on October 6, 2020.

Following the aforementioned favorable decision, pursuant to Article 28 of the Administrative Procedure Law, an application was made on 08.10.2020 for the refund of TL 7,973,040.71, which was paid with a 25% discount on March 7, 2019, and the related amount was received on November 06, 2020.

The Competition Authority filed an appeal against the decision within 30 days following the notification of the decision. The Competition Authority's appeal application was rejected by the Ankara Regional Administrative Court 8th Administrative Case Department's decision dated 17.06.2021 and numbered E.2020/1865 K.2021/1052, subject to appeal.

Upon the Competition Authority's appeal of the decision of the regional administrative court, the petition in response to the appeal was submitted.

As per the official letter dated 25.11.2021 and numbered 34929, which was notified on 26 November 2021, It has been reported that Istanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law No. 4054 on the Protection of Competition ("Abuse of dominant position) and that it has been decided that there is no place to impose an administrative fine on our company according to the report prepared within the scope of the additional investigation carried out by the Competition Board decision dated 01.04.2021 and numbered 21-18/214-M, the information and documents collected and the scope of the file examined upon the investigation file, which was concluded with the decision of the Competition Board dated 08.08.2018 and numbered 18-27/461-224, was cancelled by the decision of Ankara 13th Administrative Court dated 16.07.2020 and numbered 2019/660 E., 2020/1315 K.

Thereupon, an additional declaration petition was submitted to the file numbered 2021/3812 of the 13th Chamber of the Council of State on 30 November 2021, stating that Istanbul Anadolu Yakası Elektrik Dağıtım A.Ş. did not violate Article 6 of the Law No. 4054 on the Protection of Competition ("Abuse

of dominant position) and that there is no ground for imposing an administrative fine on our company as per the Competition Board Decision, which was notified on 26 November 2021.

In the reasoned decision dated 25.11.2021 and numbered 21-57/794-392 attached to the official letter dated 20.06.2022 and numbered 45493 of the Presidency of the Competition Authority, which has been notified on June 21, 2022; it has been stated that "AYESAŞ received payment notification and notification services from EEDAŞ from 01.05.2016 including the document date of 08.12.2016 inspected on-site, it made the necessary payments to EEDAŞ in the amounts determined by EMRA for the said services, it made the necessary payments to EEDAŞ in the amounts determined between the parties, and it has been determined that there is no legal dispute between the parties. Therefore, it has been concluded that the distribution company under Enerjisa Enerji A.Ş. has not violated Article 6 of Law No. 4054 by engaging in discriminatory behavior." As per this Decision, our Company did not violate Article 6 of the Law No. 4054 on the Protection of Competition ("Abuse of Dominant Position") and that no administrative fine should be imposed on our Company.

With the decision of the 13th Chamber of the Council of State dated 27.10.2022, which was notified on December 15, 2022, the decision of the Ankara Regional Administrative Court 8th Administrative Case Department dated 17.06.2021 and numbered E:2020/1865, K:2021/1052 was approved, and thus, it became final that our Company did not violate Article 6 of the Law No. 4054 on the Protection of Competition and that there was no ground for imposing an administrative fine on our Company.

a) 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 4,451,748,000 and purchase of tangible and intangible assets TL 584,383,000 within the period of 01.01.2022 – 31.12.2022.

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

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.

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.

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
		31 December 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
Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	94	94	Electric vehicles and charging stations services



Legal Developments

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 conducted in the fiscal period:

None.

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 – 31.12.2022, 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:

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 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 01.01.2022 – 31.12.2022.

i) 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.

j) 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 127,075,443 within the period of 01.01.2022 – 31.12.2022.

k) 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 Türkiye 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 Türkiye Holdings S.A.R.L. or any of their subsidiaries.

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

Enerjisa Enerji A.Ş. creates new financing sources mainly through loans in Turkish Lira. The Group has a total of TL 4,362,000,000 bonds (issued amount) in circulation as of December 31, 2022.

Issuer	Issue Amount (million TL)	Interest / Return Rate (%)	Issue Date	Redemption Date
Enerjisa Enerji A.Ş.	400	TLREF + 1.40%	23.02.2021	21.02.2023
Enerjisa Enerji A.Ş.	162	CPI Indexed, 5.00% real coupon	05.04.2018	30.03.2023
Enerjisa Enerji A.Ş.	800	TLREF + 1.40%	15.10.2021	13.10.2023
Enerjisa Enerji A.Ş.	900	32.00%	21.10.2022	24.10.2023
Enerjisa Enerji A.Ş.	1,500	TLREF + 16.00%	21.10.2022	18.10.2024
Enerjisa Enerji A.Ş.	600	TLREF + 16.00%	21.10.2022	18.10.2024
Total	4,362			

m) Information on potential conflict of interests with consultancy and rating services obtained by the Company and preventive actions:

Our Company acts in accordance with Code of Ethics which can be found in the below link.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics/>

n) Events that occurred after the Balance Sheet Date:

Enerjisa Enerji has issued a TL bond on 27.01.2023, amounting to 2,500,000,000 TL (full digit), with 397 days term, fixed interest with 32.5% rate, redemption date of 28.02.2024, and with TRSENSA22414 ISIN code.

Applicable from 1 January 2023, EMRA has announced that single-time retail sales tariff reflected to the end user according

to customer groups in national tariff has been decreased between 13% - 56% and distribution tariff to be applied to all customer groups has been increased by 132%. The final tariff reflected to the end user for the industrial customer group has been decreased 16% and there has been no change for the other group

Due to the adverse events caused by the earthquakes that took place in Kahramanmaraş on 6 February 2023, affecting many of the provinces and affecting the whole country, in accordance with the Official Gazette No. 32098 dated Wednesday, 8 February 2023, a state of emergency has been declared for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. 5 cities of the Toroslar region, in which Group operates, are also affected from the recent earthquakes occurred on February 6th. Enerjisa Enerji’s business operations and assets are supported by the regulation and insurance mechanisms. The developments regarding the natural disaster in question are being closely monitored and assessments are ongoing. Enerjisa Enerji has prepared its financial statements in accordance with the going concern assumption. There is no material uncertainty regarding events or conditions that could seriously affect Enerjisa Enerji’s ability to continue its operations. Enerjisa Enerji management has evaluated this situation as a non-adjusting subsequent event that does not require adjustment in its consolidated financial statements.

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 - 31.12.2022 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 - 31.12.2022, 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 - 31.12.2022

q) Information on cross shareholding of subsidiaries with above 5% ownership:

There is no cross shareholding.

r) Information on Corporate Social Responsibility activities of the company related to social rights of employees, vocational trainings and other social and environmental aspects:

This related information can be accessed from the link below.

<https://www.enerjisa.com.tr/en/sustainability>

5- 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.

6- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY

6.1. Governing Body

a) Board of Directors Meetings

As of December 31, 2022, the Company’s Board of Directors convened 5 times in total to evaluate strategic matters concerning the Company. The attendance rate of Board meetings was 90%.

b) Committees

i. 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.



Legal Developments

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 had 4 meetings during 2022.

Corporate Governance Committee members are as follows:

Name Surname	Duty	Duty in the Board
Kamuran Uçar	Corporate Governance Committee Chairperson	Independent Board Member
Guntram Würzberg	Corporate Governance Committee Member	Board Member
Hakan Timur	Corporate Governance Committee Member	Board Member
Pınar Saatçioğlu	Corporate Governance Committee Member	Not Board Member

ii. Early Risk Detection Committee

The Board delegates the monitoring of risks to the Early Risk Detection Committee (ERDC). Members to the Committee are selected Board Bembers (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 ERDC reports directly to the Enerjisa Enerji Board. ERDC is responsible to advise Board regarding risk and opportunity definitions which threat 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 ERDC.

ERDC Charter can be viewed from the below link. <https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter>

The ERDC had 3 meetings during the year 2022 and 7 reports/meeting minutes were submitted to the Board of Directors.

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

iii. Audit Committee:

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, four Audit Committee meetings was held in 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/medium/ReportAndPresentation/File/920/accharter.pdf>

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

6.2. 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.



Legal Developments

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.

In periodically performed budget simulations where Risk Management Department highlights the levels of potential deviations from "Best Estimate" of given Net Income of the year, the most vulnerable month in regards to cash need and the level of cash volume exposed via market, operational, regulatory and credit related uncertainties is also highlighted. Additionally, this stress test is modelled in monthly intervals unlike routine budget estimates (the company were using mostly yearly aggregate cash scenarios).

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. 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

The areas affected by risks which financial impact cannot be measured 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.

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 and Water Security, the issues of climate change and water security are evaluated from the perspective of risks and opportunities. In the CDP study carried out in 2022, under heading of Risk and Opportunities, the definitions of risks and opportunities, the financial effects of risks and opportunities, methods of combating risk and the costs of these methods were detailed and shared publicly.

In addition, the study to quantify climate change risks was jointly completed by the OHS, Environment 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. Enerjisa Enerji regularly monitors and reports its environmental performance, water consumption 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. Also, in line with company's decarbonization targets, Phase I of Net Zero Project was completed in 2022.

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 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.



Legal Developments

Policies

Anti-Bribery and Anti-Corruption Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/1413/antibriberyandanticorruptionpolicy.pdf>

Anti-Retaliation Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/411/antiretaliationpolicy.pdf>

Compensation Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/410/compensationpolicy.pdf>

Compliance Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/409/compliancepolicy.pdf>

Disclosure Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/408/disclosurepolicy.pdf>

Diversity and Inclusion Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/407/diversityandinclusionpolicy.pdf>

Dividend Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/406/dividendpolicy2021.pdf>

Donation and Grants

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/405/donationandgrantspolicy2021.pdf>

Environmental Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/1248/environmentalpolicy.pdf>

Health and Safety Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/403/healthsafetypolicy.pdf>

Human Resources Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/402/humanresourcespolicy.pdf>

Human Rights Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/401/humanrightspolicy.pdf>

Information Security Management Approach

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/400/informationsecuritymanagementapproach.pdf>

Remuneration Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/399/remunerationpolicy.pdf>

Third Party Relations Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/2446/thirdpartyrelationspolicy.pdf>

Water Policy

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/397/waterpolicy.pdf>

Zero Tolerance Policy Towards Violence

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/396/zerotolerancepolicytowardsviolence.pdf>

Risk Management

Enerjisa Risk Management Approach-

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

Setting risk management as an integral part of sound management, Enerjisa Enerji's Risk Management Framework aims to identify risks and opportunities that may impact the Company's financial, operational and strategic plans. The framework enables the 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 by 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 the Committee of Sponsoring Organisations of the Treadway Commission (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 business unit process owners to raise risk management awareness. In these workshops, the important topics of the previous year, the annual risk management calendar and risk analysis, consolidation and reporting methodology are discussed.

Risk Governance Structure

Enerjisa Enerji utilises both mandatory committees in accordance with legislation and non-mandatory committees to ensure effective and functional risk management. Established under the CFO organisation, 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 senior executives from all business units and chaired by the CFO.

In 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 that 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.

The Working Principles of the Early Detection of Risk Committee can be accessed on the Investor Relations website: <https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter>

Risk Management Procedure

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

1. 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 prioritised 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.

2. Quantitative risk and opportunity

methodology: for each risk and opportunity, the best-case, base-case and worst-case scenarios are collected from the business units. The probabilities of realisation of these risks and opportunities are determined, simulated 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 fluctuations that may affect the Company's net profit are reported.

Basic Categories of Risk and Opportunities

Enerjisa Enerji establishes risk management systems and prepares action plans to minimise the occurrence of financial and non-financial risks and their effects to maximise 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. These cover the regular reporting and decision-making processes, while also facilitating 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 categorised and monitored according to their sources. These risks are followed up and prioritised depending on their possible impact levels and recorded with risk-mitigating practices. Following the sensitivity analysis, quantifiable risks and their financial implications are reported.



Risk Management

MAIN RISKS AND OPPORTUNITY AREAS	HOW THEY ARE MANAGED
Regulation Risks and Opportunities	Electricity distribution and retail sales activities are regulated businesses that 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 applied to the users of the transmission and distribution system. 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 the costs and services for the execution of the relevant activity in the fourth regulatory period, which will apply between January 1, 2021–December 31, 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 organisational and operational requirements and limitations regarding retail sales and distribution activities. These requirements and limitations are audited by regulatory authorities (primarily EMRA), and any findings of non-compliance may adversely affect Enerjisa Enerji's financial and operational plans.
Market Risks and Opportunities	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 that will positively contribute to all sector stakeholders, including consumers, and legislative measures to support the sustainability of the sector.
	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 the 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 exposure is 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.
Credit Risks and Opportunities	Enerjisa retail companies are exposed to credit risks due to sales in the regulated and liberalised markets. Enerjisa distribution companies, on the other hand, are exposed to credit risks 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 a 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 liberalised customers. Timely invoicing, efficient receivables management and monitoring the credit ratings of large customers enables Enerjisa Enerji minimise its credit risk.
	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 that have a credit rating of no more than two notches below the sovereign rating. In addition, steps are taken to ensure the diversification of banks in the portfolio of financial derivative instruments and deposits
	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.
Liquidity Risk	Enerjisa Enerji manages liquidity risk by extending the average tenor of its debt portfolio and developing alternative debt capital sources such as corporate bonds. 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 appropriate action.
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 categories 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 realisations and manage risk mitigation activities.

Non-Financial Risks and Opportunities

MAIN RISK AND OPPORTUNITY AREAS	DEFINITION OF RISK	HOW THEY ARE MANAGED
Occupational Health and Safety (OHS) Risks and Opportunities	Electricity distribution involves a high level of OHS risks. Accidents, which may occur during the construction, maintenance and repair of power lines, pose significant risks to the safety of employees and subcontractors as well as the reputation of the Company.	Enerjisa Enerji works to the 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 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 organises training programs in order to reduce its risks and provide a healthy workplace for its employees and contractors.
	Severe weather conditions, floods and fire resulting from climate change may disrupt customer services and the electricity distribution infrastructure. As a result of this situation, Enerjisa Enerji might be subject to fines, depending on the number of customers without energy and for how long the energy flow is interrupted.	
Risks and Opportunities Related to Climate Crisis and the Environment	Global warming may lead to droughts, which may also affect energy prices. In addition, developments such as the global and regional regulatory environment and Türkiye's ratification of the Paris Agreement are important for the Company to take the necessary measures to combat climate change.	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.
	The spilling of transformer oil during the operation, maintenance or storage, and causing water and soil pollution poses a risk.	
	Because of operating in a highly regulated market of Enerjisa Enerji, there is a risk of facing fines or sanctions if it does not meet relevant regulatory requirements.	In addition, the study to quantify climate change risks was completed. 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.
	In line with the Paris Climate Agreement and Türkiye's net zero emission targets, Enerjisa Enerji may be subject to carbon tax.	
Risks and Opportunities Related to Digitalisation and Customer Privacy	As a result of risks related to climate change, such as drought, Enerjisa Enerji customers' activities may be affected negatively. They may have difficulty paying their electricity bills, and this may result in a decrease in Enerjisa Enerji's earnings.	
	An increasing population, urbanisation and rising mean temperatures increase the demand for electricity in Türkiye. Increasing demand for products and services results in increasing revenues and more low carbon products and services are developed.	Insurance is taken out for damage due to severe weather conditions caused by climate change and lack of payment of bills
	As a result of connecting renewable energy systems and charging stations to the grid, grid development investments are increasing.	
	In line with green financing mechanisms, diversification of funding resources is increasing.	
Risks and Opportunities Related to Digitalisation and Customer Privacy		Enerjisa Enerji takes all necessary precautions 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.
	Increasing complexity in protecting customer data and IT systems poses risks, especially for those companies with databases holding the data of millions of customers. Additionally, data security breaches may occur due to cyber attacks with increased digitalisation of grids and processes	A holder of the ISO 27001 Information Security Management System certificate, Enerjisa Enerji fully complies with the Personal Data Protection Law (PDPL) and provides training to its employees on PDPL and information security, under the supervision of the Personal Data Protection Committee. There is a Cyber Incident Response Team under the Cyber Security Group Management to manage cyber attack risks and the company has insurance against cyber attacks.

Developments in 2022

Modern risk management departments should make use of algorithmic approaches in valuing risk exposure, performing stress tests and ad-hoc analysis for potential market turmoil to provide the most accurate, unbiased and comparable outputs. To do so, instead of a licensed Excel add-in (@risk), the Group Risk Management department has started to transfer all existing risk models and started scripting new risk valuations and stress tests in the R programming language to achieve better flexibility in responding to the pace of changing risk exposure and market

shocks. Also, as an open-sourced computer language, using a programming language relieves the Risk Management department of paying additional license fees, and allows them to design a more sustainable, adjustable, transparent and transportable model library.

One good example of the benefits of using R programming is the recently developed cash stress test report. In periodically performed budget simulations where the Risk Management Department highlights the levels of potential deviations from the 'best estimate' of the given net income

of the year, the most vulnerable month regarding cash need and the level of cash volume exposed via market, operational, regulatory and credit related uncertainties is also highlighted. Additionally, this stress test is modelled in monthly intervals, unlike routine budget estimates (the company was using mostly yearly aggregate cash scenarios). R programming is already being used not only in cash stress tests but also in various ad-hoc reporting and continues to support establishing sophisticated methods to perform quantitative analysis related to risk management.



Code of Business Ethics and Compliance Management

In 2020, the Enerjisa Enerji Compliance Management Unit was structured to define and prevent compliance risks, carry out the necessary awareness-raising and training activities, monitor violations and execute an effective compliance management system. Accordingly, online Code of Conduct training that includes all employees continued to expand and sustain the compliance culture. Moreover, exclusive training was given and new courses are planned for the relevant business units.

Enerjisa Enerji initiated the process for ISO 37301:2021 Compliance Management System Certification for effective compliance management. As part of the process, the Enerjisa Compliance Policy was prepared and approved by the Board of Directors. Internal audits of the related departments as per requirements of the standard were completed within Distribution, Retail Sales and Group companies by the Compliance Function. The goal is to complete the certification process in the first quarter of 2023.

The Compliance Policy can be accessed on the Investor Relations website: <https://www.enerjisainvestorrelations.com/Media/Default/pdf/Compliance-Policy.pdf>

Business Ethics

The Enerjisa Code of Conduct (Enetik 2.0) provides a common and binding framework to be followed at every stage of company activities. Enetik 2.0 is developed by the Compliance Management Unit in consultation with the relevant teams, reviewed once a year and updated if required.

Every Enerjisa Enerji employee is committed to the framework that defines the fundamentals of the Company's way of doing business. The Enerjisa Code of Conduct addresses various issues such as human rights, protecting the environment,

anti-bribery and anti-corruption, compliance with sector-related and general legal regulations, establishing sustainable relations pursuant to the rules of competition, protection of personal data and confidentiality, protection of corporate data and assets, principles related to the use of printed and mass media as well as social media, relations with public institutions and political organisations, conflicts of interest, accepting and giving gifts and donations, working outside of the Company, dress code, employment of relatives and Health and Safety.

All employees are responsible for acting in compliance with the Code of Conduct, while the Compliance Management Department is responsible for the oversight. All Compliance Management Department employees complete the Corporate Ethics and Compliance Management training provided by the Ethics and Reputation Society and are certified as Ethics and Compliance Managers.

Compliance Managers guide Company employees proactively. Moreover, the Compliance Management Unit replies to information requests from employees regarding actions and processes that may violate the Code of Conduct, carries out activities to raise awareness of related issues and plans training for the Company at the executive level. The Compliance Management Unit also monitors compliance rules and possible risks through the risk matrix prepared in accordance with the scope of the Compliance Management system's risks.

The follow-up and investigation of violations of the Code of Conduct are monitored by the Internal Audit Department, and the Compliance Function supports the reviews and investigations of the Internal Audit Department regarding the violations of business ethics. The Corporate Compliance Officer takes charge as a member of the Ethics Committee within this process.

Informing and Training Employees

The Enerjisa Code of Conduct is disclosed to all employees via e-mail. The Code of Conduct is constantly and easily accessible on the Company website in the Document Management System, which is available to all employees, and under the İKON application, the mobile application for employees.

Enerjisa Enerji provides training for employees to understand and adopt the Code of Conduct. In 2022, 4,218 hours of online Code of Conduct training were provided to 2,717 employees. The online tool also offers training in anti-bribery and corruption and human rights.

Business Ethics Violation Notifications

All Enerjisa Enerji employees and stakeholders can anonymously report any non-compliance or violations of the Code of Conduct by calling the Enerjisa Enetik Hot-Line at 0 (216) 579 09 14, by sending an e-mail to enetik@enerjisa.com or a letter to Enerjisa Enerji Internal Audit Presidency, Nidakule Batı 1/1 Ataşehir 34746, İstanbul. In addition to these reporting channels, all stakeholders have the opportunity to direct their notifications to the Sabancı Holding ethics line.

The internal Audit Department reviews these reported notifications and investigates them if required. Moreover, the Internal Audit Department is also in charge of maintaining confidentiality and anonymity of all reporting channels. The notices are scrutinised and reported to senior management and, if required, to the Disciplinary Board. The Audit Committee is informed about the notices reported to the Disciplinary Board.

Employees who honestly and in good faith report a violation and/or suspected violation and/or request information shall not be subject to any retaliation (including but not limited to discrimination, suspension, loss of rights, demotion, blocked promotions, threats or harassment) as per the Company's Anti-Retaliation Policy.

In 2022, the Company received 95 notifications via different channels, such as the ethics line, shareholder requests, business units and human and culture departments, and resolved all of them.

Information on risks related to the violation of the Code of Conduct, including anti-bribery and anti-corruption, are collected from the related units during the qualitative risk assessment activities carried out twice a year and are reported to the Early Risk Detection Committee or Enerjisa Risk Management Committee. At the beginning of each year, risk realisations due to the violations are evaluated, and the reported expectations, probability and impacts of risk realisations are reviewed in the back-testing, during which the performance of the risk reports of the previous year is measured.

The Enerjisa Enerji Code of Conduct can be accessed on the Investor Relations website: <https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics>

Anti-Bribery and Anti-Corruption

The prevention of bribery and corruption is governed by the Enerjisa Code of Conduct and Anti-Bribery and Anti-Corruption Policy, in particular, which are binding for all employees and stakeholders. The Company is against all forms of bribery and corruption. It is unacceptable to receive or offer bribes, regardless of their purpose. All practices and sanctions related to the violations of the Code of Conduct also apply to bribery and corruption.

The Board of Directors is responsible for the implementation and revision of the Anti-Bribery and Anti-Corruption Policy. The Policy covers all Company employees, including the Board of Directors of the Company, companies contracted for goods and services and their employees, all persons and organisations that are assigned to serve on behalf of the Company (business partners), including suppliers, consultants, advocates, external auditors, etc.

The Policy is uploaded to the Document Management System and is accessible by all Enerjisa Enerji employees. Furthermore, business partners are also requested to sign the Enerjisa Supplier Compliance Declaration, which requires them to commit to complying with the Anti-Bribery and Anti-Corruption Policy of Enerjisa Enerji.

In 2021, the duties and responsibilities of the Board of Directors, which is responsible for the implementation of the Policy, were revised, and the responsibility to 'ensure that no employees shall suffer any harm due to refusing to pay bribes' was included. The revision was accepted by the resolution of the Board.

The Compliance Management Unit is in charge of developing the Enerjisa Code of Conduct and the Anti-Bribery and Anti-Corruption Policy, providing training to employees and responding to requests for an opinion. The Ethics and Investigation Department works in coordination with Compliance Management to raise awareness about compliance with business ethics in general, as well as all internal procedures and policies, including the Company's Anti-Bribery and Anti-Corruption Policy. The Ethics and Investigation Department regularly informs the Board of Directors, Audit Committee and Corporate Legal and Compliance Department regarding the nature and intensity distribution of violations of ethical rules and shares its opinions and suggestions about the actions taken or to be taken.

Informing and Training Employees

The Anti-Bribery and Anti-Corruption Policy has been disclosed to Company employees. The up-to-date policy, which is continuously and easily accessible in the Document Management System available to all employees, is also available on the Company's website.

Online ethics training provided to employees also includes anti-bribery and anti-corruption training. Moreover, the Compliance Management Unit prepared an up-to-date, more detailed and interactive video training in December 2021 regarding anti-bribery and anti-corruption. In 2022, the People and Culture department assigned interactive video training to all white-collar employees through the EnAkademi platform.

In addition, the Compliance Unit prepared another interactive video training on the Company's Human Rights Policy and general human rights approach in 2022 and assigned it to employees across the Company.

Notifying Other Stakeholders

Enerjisa Enerji uses the best anti-bribery practices in the selection of its suppliers and business partners. The company is in constant communication with its suppliers and business partners to prevent possible future violations regarding corruption. The anti-corruption performance of suppliers and business partners is reviewed at least once every three years or a shorter period if required. Support is requested from independent third parties to carry out the assessments if required. If a possible violation is identified, the required sanctions are imposed immediately in accordance with the signed contracts.

Anti-Bribery and Anti-Corruption Notifications

In the notifications reported in 2022, 40 bribery and corruption cases were detected and investigated; necessary process improvements, legal actions, and disciplinary measures were implemented. As a result of the assessments, disciplinary sanctions were imposed on 25 employees in connection with bribery and corruption. There are no lawsuits, administrative or judicial investigations or any judicial or administrative sanctions against the Company related to bribery and corruption.



Code of Business Ethics and Compliance Management

Enerjisa Enerji places utmost significance on stakeholder dialogue and collaboration with NGOs regarding anti-bribery and anti-corruption. Since 2020, the Company has been a corporate member of the Turkish Ethics and Reputation Society. In 2021, Enerjisa Enerji committed to complying with the principles of Transparency International to underscore its determination to satisfy higher ethical standards.

Donations and Grants

The Enerjisa Donations and Grants Policy was updated by the resolution taken at the Enerjisa Enerji Annual General Assembly Meeting held on March 30, 2021. Accordingly, it was stipulated and approved by the General Assembly that no donation shall be made to any political parties, political candidates, managers of political offices or representatives of public administration for political purposes. In line with the related policy, it was stipulated that donations and grants shall be made to public institutions and organisations, nongovernmental organisations and other private natural persons and legal entities only for social, cultural, educational, environmental protection and similar purposes related to sustainability.

Third-Party Transactions

Enerjisa Enerji has the goal to establish sustainable relations with all third parties with which the Company has business relations as part of its activities in accordance with the fundamental principles outlined in the Enerjisa Code of Conduct. Thus, the Enerjisa Third Party Relations Policy was developed in 2021 and approved by the Board of Directors of Enerjisa Enerji.

The purpose of this policy is to define the fundamental principles regarding the conditions that govern Enerjisa Enerji's work with third parties and the parties to be worked with as part of all business processes of Enerjisa Enerji A.Ş. and its subsidiaries. As part of the policy, 'Third

Party' refers to the persons, organisations and communities with which the Company establishes any kind of business relations, such as suppliers, dealers, authorised dealers, service providers and consultants.

Some amendments were made to the said policy in 2022; a wide definitions section was added to the Policy, the countries/ regions that are subject to sanctions were determined and a risk-based preliminary assessment stage for third parties was defined.

Sales and/or other business activities from countries, regions and companies (particularly regarding solar panels and products containing critical metals and minerals) that appear risky in terms of compliance have been added as criteria that require third-party control.

In addition to this, commitments have been added that the criteria of the United Nations and other international organisations will be considered and followed, especially in the prevention of child labour and forced labour on Human Rights.

The updated Third Party Relations Policy can be accessed on the Investor Relations website:

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/2446/thirdpartyrelationspolicy.pdf>

Related Party Transactions

Every year, the Board of Directors resolves to specify the principles related to the transactions to be carried out by Enerjisa Enerji with related parties pursuant to the Capital Markets Legislation.

Accordingly, it is decided in the assessment regarding all assets, services and liability transfer transactions, including common and recurring transactions between the Company and the related parties, including in the financial plans (budget) approved by the Board of Directors that;

- Transaction conditions should be determined in line with previous years, as well as market conditions;
- Transactions should be carried out in line with the financial planning of the Company unless there is a significant change in the conditions of the transactions during the year, and
- Approval of the Board of Directors should be requested in the event of a change in the conditions of the transactions or the related parties and before the transaction is held with the new conditions (significant price or quantity deviations, significant change in the nature of the purchased service or product).

Furthermore, an annual assessment is made whether the ratio of common and recurring related party purchase (sales) transactions to the amount of cost of sales (revenue) according to the past year's financial statements exceeds 10% as per the Corporate Governance Communiqué (II-17.1). If the ratio exceeds 10%, a report is prepared by the Board of Directors regarding the terms of the transactions and their comparison with the market conditions, and the entire report or the outcome is disclosed on the Public Disclosure Platform. Because the transactions carried out in 2021 exceeded the said threshold, the report prepared by a board of directors' resolution on the subject on February 25, 2022 was approved and the outcome was announced on the Public Disclosure Platform.

In addition, the Enerjisa Code of Conduct sets a compliance framework for all employees to avoid conflicts of interest while making business decisions. Cases in which the personal interests of one or more employees and/or their family members and the interests of the Company have positive or adverse impacts on each other are identified as a conflict of interest, and the relevant Compliance Manager is informed directly in such a case. The opinion of the Compliance Manager shall

be considered in actions taken on such cases. To prevent such events, relationships and situations involving potential or real conflicts of interest shall be avoided. In supplier selection processes, any actions that may benefit the Company employees, their relatives and/or third parties shall be avoided.

Internal Audit

The Enerjisa Enerji Internal Audit Department reports directly to the Audit Committee composed of Board members as per the principle of independence. Internal Audit activities have the purpose of expressing opinions to the Board of Directors on the activities of the Company and its affiliates in line with the laws and other related legislation, as well as internal strategies, policies and procedures and on the effectiveness and adequacy of internal audits, besides risk management systems and compliance management. The goal of these activities and structuring is to improve work processes and create added value for the organisation through the presented opinions and suggestions related to taking preventive measures, protecting company assets and increasing operational efficiency. In line with the goal, internal audit activities are carried out in compliance with the approved Audit Committee charter and the Internal Audit charter.

The annual risk-based internal audit plan, which is prepared by taking into account the Company's risk assessment results that are updated every year and the opinions of the relevant executives, is submitted for the approval of the Audit Committee and the Board of Directors. Every year, the audit activities are carried out in accordance with the international audit standards and the requirements of COSO as part of the approved audit plan. The compliance was certified with the independent quality assurance assessment conducted in 2018.

Internal Audit also covers the assessment and analysis of the ethics notifications received regarding the employees and other stakeholders (shareholders, customers, suppliers and public institutions). Besides the audit activities, consultancy services are also provided in line with the vision and mission of the Company as part of the demands of senior management and pursuant to the 'reliable business partner' principle.

In 2022, Continuous Audit and Continuous Monitoring activities were implemented effectively; hence, all units were supported to develop effective control practices. Furthermore, findings and improvement suggestions based on data analytics methods that were not included in the audit plan were shared with the business units.

Internal Control

Activities to establish an Internal Control Department within Enerjisa Enerji were initiated in 2020. Activities were completed in 2021, including system development and dissemination activities. COSO Internal Control Framework, which is a globally-recognised standard that consists of the best practices, was used as a reference while establishing the Internal Control System, and the principles, standards and methods within the framework were decided to be implemented.

The Internal Control System is viewed as an essential component of effective and sustainable governance. The primary goal of the Internal Control System is to maintain a controlled environment that is always effective and efficient, the controls to be implemented and means of information and communication and, as a result, to support senior management in the fulfilment of their oversight responsibility.

In line with this goal, the Process Management, Risk Management, Control Activities and Business Continuity structures at Enerjisa Enerji were modelled end-to-end using the Periscope software to achieve effective and efficient

management. As part of these activities, a transparent, reliable and up-to-date information flow was provided regarding the business processes, the impact these processes have on each other, their ownerships, risks and controls. Process, risk and control management is performed on a digital platform, and the effectiveness and efficiency of the controls related to the risks can be monitored centrally. Accordingly, more than 900 workflows, close to 800 operational risks and more than 900 control activities (12.5% automatic) were defined.

Within the scope of the Globee award program in 2022, the Periscope Project received two gold medals in the 'Governance, Risk and Compliance Solution' and 'Systems Management Solution' categories and two silver medals in the 'Award for Innovation Corporate Websites or Apps' and 'Best Use of Technology' categories. Additionally, Periscope was awarded a bronze medal in the 'Energy Industry Innovation of the Year' category within the scope of the Stevie Awards program.

To control the risks of the Company and its subsidiaries with the Internal Control System, pilot studies were completed in 2021. The management of Distribution and Retail Companies approved the Annual Internal Control Plan 2022. Top management reports completed at the end of 2022.

The Internal Control Procedure was published in 2021 and revised in 2022. The procedure is easily accessible in the Document Management System available to Company employees.

Internal control evaluation studies will continue in 2023 according to the internal control plan, and further projects are planned for the automation of internal controls.



Business Continuity Management Practices

Enerjisa Enerji carries out electricity distribution, retail sales and customer solutions activities in 26 provinces and at 44 sites. Business continuity has critical importance in providing uninterrupted and sustainable energy services with this wide operation network. In this context, Business Continuity Management System (BCMS) practices have been implemented since 2015 to create an organisation that is resilient to possible interruptions and crises within Enerjisa Enerji A.Ş. and its subsidiaries.

The Group Risk Department, which is part of the CFO organisation, monitors the global BCMS, prepares all documents and implements the standards with this approach.

The Group Risk Department is also responsible for monitoring the crisis management processes and guiding the Crisis Management Team in the event of a crisis, comprehensive interruption and/or disaster, which may affect Enerjisa Enerji in general.

The Enerjisa Enerji BCMS documentation has been prepared in accordance with the ISO 22301:2019 BCMS standards and updated every year with the contributions of all relevant stakeholders in the process. The ISO 22301 BCMS certificates of Enerjisa

retail sales companies were renewed in 2022 following the successful completion of the annual monitoring audits conducted at the head office and with the participation of the business continuity departments in Ankara and Adana. While the certificate requirement only applies to retail sales companies, the BCMS infrastructure and documentation quality is maintained at the same level in all Enerjisa business units, including distribution companies and Enerjisa Enerji A.Ş.

Critical Processes and Departments
Critical Departments are units with at least one process that must be activated within the month following a crisis to ensure business continuity. The relevant processes of these critical departments are considered 'critical processes', and the owners of these processes comprise the members of the Business Rescue Teams. Business Rescue Teams are responsible for putting the process back on track after any interruption.

Business Continuity Information Meetings were held with the attendance of Critical Department managers to raise awareness regarding business continuity, update documents and ensure the transition to digital processes in business continuity. During these meetings, attendees were informed about the changes implemented

during the year and the process for updating the Business Impact Analysis documents for the following year.

Coordination
The sites that meet the Crisis Management and/or Alternative Workplace standards to be used in case of any interruption or crisis are evaluated annually in three regions and are selected accordingly. To ensure the availability of these sites, preparations are carried out with the related units. Twelve alternative locations were determined for three regions, and the contingency plans were updated in line with this study. The units that should support the Crisis Management Team in such crises were identified.

The Business Continuity Committee was established in 2019 with the participation of the unit managers. Regardless of any incidents occurring, the Committee meets biannually under the coordination of the Group Risk Department. The Enerjisa Enerji CEO is the leader of the Crisis Management Team and is the ultimate crisis manager in the event of any crisis. After the certification audit and the first meeting of the Business Continuity Committee, the CEO is briefed in a special session every April.

Drills and Exercises
Two methods are followed to evaluate the extent to which the scenarios and forecasts prepared within the scope of the BCMS will succeed in real-life scenarios.

Scenario-Based Desktop Exercise: As addressed in the ISO 22301:2019 certification audit held every year, a desktop exercise is conducted about the scenario and a final report of this exercise is submitted to the auditors and is shared with process stakeholders.

Disaster Recovery Test: Every year, 24-hour disaster recovery tests are conducted under the leadership of the IT unit. The Group Risk Management is responsible for participating in the test activity as an observer and for archiving the final test reports. During the course of the ISO 22301:2019 certification audit, these final reports are shared with the audit company.

All IT applications used at Enerjisa Enerji are simultaneously disabled during the exercise in accordance with a real disaster scenario. The Recovery Time Objective, Recovery Point Objective and Maximum Tolerable Period of Disruption are measured as defined in the Business Continuity Management standards. The data obtained in the exercise are synchronised with the data in the IT and Group Risk Management documents.

Developments in 2022
2022 business continuity practices are assessed considering the 'human' and 'capital' aspects.

Improving the maturity of digital applications is the fundamental component of the latest two development activities standing out within the organisation. The increasing pace of digitalisation among business operations resulted in the requirement for ensuring continuity in these new platforms.

As the first step, our application library, which is one of the most frequently used and critical processes, has been transferred to the cloud platform, which enables processes such as easy subscriber registration, sales and cancellation carried out to ensure security and performance for customer processes. This transformation has eliminated physical interruptions in servers and increased server performance, thus, providing convenience in the relevant processes. Business continuity teams (IT, Business Continuity Management and Group Business Continuity Management) are part of the project team as auditors and are in charge of reporting this transformation to senior executives and ISO 22301 certification authorities.

The 2022 disaster recovery test is of critical importance, as it covers all SAP-related back-office operations and provides significant information regarding the software licensing requirements of the company. Hence, the activities regarding the restructuring of the software catalogue within the organisation were initiated as the second step to deactivate the less-used licenses and to purchase the necessary or better-performing software with the additional resources created.

The 'human' aspect of the activities includes adaptations that involve the transformation of the business. Currently, Enerjisa has established a standard for the telecommuting model with its Future of Work project. This process resulted in some additional actions being required to improve employee well-being and safety and monitor these improvements. Accordingly, ongoing risk-fighting activities such as additional budgets provided to employees for improving working area standards and increasing the means of accessibility with device supports were recorded on Periskop, the company's Governance, Risk and Compliance platform. The performance of these activities was measured and monitored with periodical reports, such as progress/deadline checks and department-based turnover rates via Periskop.



Corporate Governance Rating

Enerjisa Enerji has demonstrated the transparency, accountability and sustainability of its management with its corporate governance rating. SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA), which is authorized to perform ratings in accordance with the Corporate Governance Principles of the Capital Markets Board of Türkiye (CMB), completed and announced its first Corporate Governance Rating Report for Enerjisa Enerji on December 19, 2019 as 94.53.

Enerjisa Enerji's Corporate Governance Rating increased to 94.56 with the new report announced on December 21, 2020. In the third report announced on December 21, 2021, the Corporate Governance Rating increased to 95.09. And recently, in the fourth report announced on December 21, 2022, the Corporate Governance Rating increased to 95.50.

Subcategories	Weight	2021 Rating	2022 Rating
Shareholders	25%	95.16	95.06
Public Disclosure and Transparency	25%	98.37	98.79
Shareholders	15%	99.51	99.51
Board of Directors	35%	90.79	91.73
Total	100%	95.09	95.50

Affiliation Report View

Legal transactions carried out with the controlling companies and their affiliated companies for the benefit of the controlling companies or a subsidiary company with the guidance of the controlling companies, according to the conditions and conditions known to us, and all measures taken or avoided for the benefit of the controlling companies or a company affiliated to them in the operating year 2022 were evaluated in the report. We hereby declare that our company did not suffer a loss due to a transaction occurred according to the known situation and conditions related to 2022 Activity Year.

Duties of the Members of the Board of Directors and Executives Conducted out of the Company

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/3494-enerjisa-enerji-a-s>

Corporate Governance and Sustainability Reports

The Corporate Governance Principles Compliance Report and Corporate Governance Information Form for the accounting period of 2022, prepared in accordance with the Capital Markets Board's Decision dated 10.01.2019 and numbered 2/49 and approved by the Enerjisa Enerji Board of Directors Decision on 23 February 2023, were published on the Public Disclosure Platform on 23 February 2023. These reports can be found under KAP web site under Companies/BIST Companies/Enerjisa/Corporate Governance and Corporate Governance Principles Compliance Report sections.

The Sustainability Compliance Report, which shows the compliance with the principles in the CMB Sustainability Principles Compliance Framework, was also announced on the Public Disclosure Platform on 23 February 2023.



Declaration of Independence

I hereby declare that I am a candidate to serve as an “independent member” on the Board of Directors of ENERJİSA ENERJİ A.Ş. (“Company”) under related regulations, Articles of Association of the Company and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board (“CMB”)’s Communiqué on Corporate Governance. In this regard, I declare and confirm that:

- a) In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5% stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,
- c) I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
- d) I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
- e) I am residing in Türkiye in accordance with the Income Tax Law No. 193 dated 31/12/1960,
- f) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- h) I have not served as a member of the Board of the Company for more than six years within last ten years,
- i) I am not registered in the name of any legal entity elected as a Board member,
- j) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa İstanbul in total.

I hereby acknowledge to the General Assembly, the Board of Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.

Fatma Dilek YARDIM
26/01/2021

I hereby declare that I am a candidate to serve as an “independent member” on the Board of Directors of ENERJİSA ENERJİ A.Ş. (“Company”) under related regulations, Articles of Association of the Company and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board (“CMB”)’s Communiqué on Corporate Governance. In this regard, I declare and confirm that:

- a) In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5% stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,
- c) I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
- d) I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
- e) I am residing in Türkiye in accordance with the Income Tax Law No. 193 dated 31/12/1960,
- f) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- h) I have not served as a member of the Board of the Company for more than six years within last ten years,
- i) I am not registered in the name of any legal entity elected as a Board member,
- j) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa İstanbul in total.

I hereby acknowledge to the General Assembly, the Board of Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.

Kamuran UÇAR
01/04/2022



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Annex I: Stakeholder Management















Stakeholder Group	Stakeholder Category	Stakeholder Communication Platform and Methods	Communication Frequency	Objectives and Success Self-Evaluation Criteria
Analysts	External	Meetings, conferences, telephone calls, quarterly investor teleconferences, activities to inform analysts, podcasts, webcasts, Investor Relations website	Continuous	<ul style="list-style-type: none">· Increasing transparency · Informing the market about the Company · Company valuation reports· Improving the Company's reputation· Financial sustainability
The Press	External	E-mail campaigns, sponsorships and sectoral events, regular and irregular press releases, press conferences, interviews	Year-round	<ul style="list-style-type: none">· Accurately informing the public· Improving the Company's reputation and brand value· Building strong relations with members of the press
Credit Rating Agencies	External	Meetings, teleconferences and telephone calls, e-mail	Annually	<ul style="list-style-type: none">· Increasing transparency· Ensuring a fair value for the Company's equity· Improving the Company's reputation· Financial sustainability
Financial Institutions	External	Meetings, teleconferences and phone calls	Continuous	<ul style="list-style-type: none">· Increasing transparency· Improving the Company's reputation· Financial sustainability
Shareholders	External	Board of Directors meetings, committee meetings, quarterly investor teleconferences, General Assembly Meetings, Investor Relations website	Continuous	<ul style="list-style-type: none">· Managing sustainability risks· Adopting a target-based management approach· Transparently sharing the environmental performance· Compliance with Corporate Governance Principals· Financial sustainability
Public Institutions and Regulatory Bodies	External	Meetings, teleconferences and telephone calls	Continuous	<ul style="list-style-type: none">· Improving stakeholder engagement· Increasing transparency in customer communication· Financial sustainability
People Affected by the Project (land owners/ users/ local communities)	External	Face to face meetings, e-mail, telephone calls, SMS, Mobile App, communication through the website	Continuous	<ul style="list-style-type: none">· Managing social risks of the projects and mitigating adverse impacts· Accurately informing those affected by the projects· Enhancing stakeholder engagement
Directly affected relevant specialists (electrical technicians/ electrical engineers)	External	Face to face meetings, telephone calls, SMS, Mobile App, e-mail, communication through the website and other Enerjisa channels, authorization training for electricians	Continuous	<ul style="list-style-type: none">· Enhancing stakeholder engagement· Supporting capacity building and improvement of knowledge (project design, changing legislation, etc.)· Engagement of and cooperation with authorized electrical technicians and electrical engineers

Stakeholder Group	Stakeholder Category	Stakeholder Communication Platform and Methods	Communication Frequency	Objectives and Success Self-Evaluation Criteria
Customers	External	Customer Service Centers, Enerjisa Operation Centers, alternative sales channels, call centers, digital channels (mobile application, website), customer representatives, social media channels, SMS and customer satisfaction surveys	Continuous	<ul style="list-style-type: none">· Developing customer- oriented solutions· Increasing customer satisfaction· Providing a continuous electricity from renewable energy resources· Providing data security· Expanding smart technologies
Labor Unions	External	Face-to-face interviews	Annually	<ul style="list-style-type: none">· Providing an uninterrupted and accessible energy supply
NGOs	External	Conferences, management meetings, focus group activities	Continuous	<ul style="list-style-type: none">· Leadership and increasing awareness on energy efficiency· Leadership and increasing awareness on energy efficiency· Establishing alternative supply infrastructures for uninterrupted energy in distribution regions
Suppliers and Business Partners	External	Joint projects	Continuous	<ul style="list-style-type: none">· Providing customer satisfaction and uninterrupted energy supply
International Organizations and Initiatives	External	Joint projects	Continuous	<ul style="list-style-type: none">· Leadership and increasing awareness on energy efficiency
Universities	External	Joint projects	Min four times a year	<ul style="list-style-type: none">· Collaboration with stakeholders· Attracting qualified talent· Investment in R&D
Investors	External	Informative meetings, meetings, teleconferences, quarterly investor teleconferences, podcasts, webcasts, General Assembly Meetings, Investor Relations website, online surveys	Continuous	<ul style="list-style-type: none">· Managing sustainability risks· Adopting a target-based management approach· Transparently ESG performance· Compliance with Corporate Governance Principles· Financial sustainability
Local administrations/ Mukhtars	External	WhatsApp Mukhtar Support Line, regular meetings with mukhtars	Continuous	<ul style="list-style-type: none">· Building stakeholder dialogue· Transparency in customer communication
Employees	Internal	iKON, mobile applications, intranet, employee engagement focus groups, team leaders' information meetings, CEO briefing meetings, management meetings, human resources meetings (happy hour), Trend Talks	Continuous	<ul style="list-style-type: none">· Attracting qualified talent · Broadening the knowledge and skills of employees, primarily blue-collar employees· Increasing employee loyalty· Investing in smart technologies· Increasing OHS investments
Subsidiaries	Internal	Meetings, Board meetings	Continuous	<ul style="list-style-type: none">· Promoting leadership in the use of new technologies· Managing sustainability risks· Financial sustainability



Annex II: Member Organizations

· United Nations Women's Empowerment Principles (WEPs)	In support of WOMEN'S EMPOWERMENT PRINCIPLES
· UN Global Compact	
· Learning and Development Platform Association (TEGEP)	
· Association of Electricity Distribution System Operators (ELDER)	
· Energy Regulators Regional Association (ERRA)	
· Ethics and Reputation Society (TEİD)	
· EUROGIA 2020	
· Energy Investors Association (GÜYAD)	
· Human Resources Professional Association (İKMD)	
· Istanbul Exporters' Association (İİB)	
· Business Plastic Initiative (İPG)	
· Business Council for Sustainable Development Türkiye (BCSD Türkiye)	
· Istanbul Chamber of Commerce (İTO)	
· Corporate Volunteers Association (ÖSGD)	
· Woman in Technology Association (WTECH)	
· Turkish Education Foundation (TEV)	

· The Institute of Internal Auditing-Türkiye (TİDE)	
· Turkish Cogeneration and Clean Energy Technologies Association	
· Corporate Governance Association of Türkiye (TKYD)	
· Turkish Industry and Business Association (TÜSİAD)	
· Transparency International (TI-Türkiye)	
· International Investors Association (YASED)	
· Artificial Intelligence and Technology Association (YZTD)	
· Turkish Investor Relations Society (TÜYİD)	
· Corporate Communication Professionals Association (KİD)	
· Energy Efficiency and Management Association (EYODER)	
· World Economic Forum (WEF)	
· Turkish Quality Association (KALDER)	
· Yenibirlider Development Program - The Yenibirlider Association	
· Energy Traders Association (ETD)	



Annex III- Environmental Performance Indicators

Total Waste Amount (ton)	2020		2021	2022
Hazardous waste	3,922	3,542	5,005	
Recycled hazardous waste	3,880	3,542	5,005	
Non-hazardous waste	8,727	7,450	6,337	
Recycled non-hazardous waste	8,727	7,450	6,337	
Total waste	12,649	10,992	11,341	

Annex-IV: Occupational Health and Safety Indicators

	2020			2021			2022		
Occupational Health and Safety Performance	Enerjisa	Contractors Consolidated		Enerjisa	Contractors Consolidated		Enerjisa	Contractors Consolidated	
Number of critical accidents	23	11	34	25	13	38	19	7	26
TRIF (w/o STF)	4.5	4.5	4.5	5.2	5.6	5.4	4.6	4.2	4.5
TRIF	9.0	5.6	7.9	10.1	6.6	8.9	9.1	6	8.1
The number of fatalities due to work-related injury	1	1	2	2	0	2	1	0	1
Occupational diseases	0	0	0	0	0	0	0	0	0
Total working hours (million)	24.9	12.3	37.3	26.2	14.2	40.4	28.1	12.7	40.8

	2020	2021	2022
OHS Investments (TL million)	54.6	80.9	112.6
OHS Trainings (hour per employee)	5.3	13.3	14.3

Annex-V: Social Performance Indicators

	2020		2021		2022	
Employees Per Category	Female	Male	Female	Male	Female	Male
Total number of employees	1,133	9,282	1,129	10,171	1,253	10,420
White-collar employees	1,078	2,225	1,080	2,423	1,202	2,661
Blue-collar employees	55	7,057	49	7,748	51	7,759
Employees covered by collective bargaining agreements	55	7,057	49	7,748	51	7,759
Toplam	10.415		11.300		11.673*	

	2020		2021		2022	
Employees by Employment Types	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
White-collar employees	3,303	0	3,503	0	3,863	0
Blue-collar employees	7,112	0	7,797	0	7,810	0
Employees with disabilities	306		325		337	
Total	10.415		11.300		11.673	

	2020		2021		2022	
Employees by Age	Female	Male	Female	Male	Female	Male
<30 years old	385	2,280	260	2,656	304	2,601
31–49 years old	737	6,729	855	7,266	930	7,517
>50 years old	11	273	14	249	19	302
Total	10.415		11.300		11.673	

1. ENERJISA	2020		2021		2022	
Parental Leave	Female	Male	Female	Male	Female	Male
Employees entitled to parental leave	133	766	68	665	108	732
Employees who returned to work following parental leave	133	766	66	664	106	732

* Interns were not included in total number of employees.



Annex-V: Social Performance Indicators

	2020		2021		2022	
Employees Who Left Work by Gender and Age	Female	Male	Female	Male	Female	Male
<30 years old	21	95	32	121	25	164
31–49 years old	39	180	78	346	80	326
>50 years old	0	37	4	55	2	37
Total	61	312	114	522	107	527
Employee turnover	%2,4		3,3%		2,9%	

	2020		2021		2022	
New Employee Hires by Gender and Age	Female	Male	Female	Male	Female	Male
<30 years old	52	342	69	1143	141	522
31–49 years old	34	133	43	277	87	267
>50 years old	0	1	0	0	0	4
Total	86	476	112	1420	228	793

TRAINING	2020	2021	2022
Total number of employees who received training	8,013	11,270	11,490
Total training hours	139,993	415,772	486,045
Total education expenditure (TL)	11,246,450	24,903,850	45,338,108

Training hour (according to employee type)	2020	2021	2022
Employees in senior management and above	526.4	551.75	743.01
Employees in middle management	5,366	9,452	11,751
Employees in junior management	13,098	25,598	23,237
Employees in specialist and below	52,376	107,935	116,353
Blue collar	68.627	272.236	333,961

Training hour (by gender)	2020	2021	2022
Female	32.196	52.618	42,715
Male	107.797	363.154	443,329

Training hour (according to training type)	2020	2021	2022
Professional development	27,543	45,673	68,143
Technical Development	9,214	155,437	211,186
Individual Development	24,978	53,341	27,723
Leadership Development	10,736	11,216	13,058
Occupational Health and Safety	67,522	150,105	165,936

Average training hours per person	2020	2021	2022
Total per person	13.44	36.79	42.27

Employees in Management by Gender and Age	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
<30 years old	7	7	5	5	5	7
31–49 years old	170	432	156	430	176	455
>50 years old	3	33	4	40	4	41
Board members	2	6	2	6	2	6

Employees in All Management Positions	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Employees in junior management	124	306	111	292	127	313
Employees in middle management	53	142	51	155	53	162
Employees in senior management	3	19	2	21	4	21
Executives	0	5	1	7	1	7
Total	180	472	165	475	185	503

	2020		2021		2022	
Revenue Generating Roles	Female	Male	Female	Male	Female	Male
Managers in revenue generating functions	24	87	19	59	20	63
Employees in STEM (IT, engineering, etc.) roles	105	354	104	375	152	461

2. CONTRACTORS

Contactors by Service Type	2020	2021	2022
Number of contractors	5.119	6.558	9.079
Administrative affairs	1.010	1.052	1007
Construction works	2.742	3.407	4324
Fault repair and maintenance	522	1.199	2848
Call Center	845	900	900

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION OF CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2022 AND THE INDEPENDENT
AUDITOR'S REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Enerjisa Enerji A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Enerjisa Enerji A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Accounting of Financial Assets	
<p>In accordance with the terms of the service concession agreement with the government, the Group’s subsidiaries in the <i>Distribution</i> segment have applied financial asset model based on IFRIC 12 “Service Concession Arrangements” (“IFRIC 12”) and recognised a “financial asset” in the consolidated financial statements.</p> <p>Revenue calculated over the financial assets according to the effective interest method is accounted for as "financial income from service concession agreement" by the Group. As of 31 December 2022, the Group has financial assets amounting to 15,132,573 thousand TL and recognized financial income amounting to 6,225,734 thousand TL in the statement of profit or loss between 1 January and 31 December 2022. Given the complexity of the accounting implications within the scope of IFRIC 12, of the regulation and the use assumptions (primarily inflation rate and weighted average rate of return assumptions), we determined these matters significant to our audit and therefore considered as a key audit matter.</p> <p>The details of financial assets within the scope of IFRIC 12 are disclosed in Note 10 to the consolidated financial statements.</p>	<p>The audit procedures performed for the accounting of Financial Assets are summarized below:</p> <ul style="list-style-type: none">• The Service Concession Agreement was obtained and its provisions were evaluated during meetings held with the relevant management units.• Compatibility of the related calculation model with the Energy Market Regulatory Authority (“EMRA”) regulations has been evaluated.• Since the earned income is calculated based on the internal rate of return, the mathematical accuracy of the internal rate of return calculation has been tested.• The weighted average rate of return has been checked from the communiques published in the Official Gazette.• The short-term and long-term classification of the financial assets determined in the service concession agreement model and its consistency with the year-end financial statements has been tested.• The investments made in the current period have been tested.• The reasonableness and the appropriateness of the key assessments and estimations used by the management was assessed by comparing with independent external sources within the scope of TFRS 9 “Financial Instruments”.• The compliance of the applied accounting policies with TFRS 9, past performance of the Group and local and global practices were assessed.• The compliance of the related disclosures on accounting of financial assets with the TFRS was evaluated.



Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of deferred tax assets	
<p>As disclosed in Note 24, the Group recognized deferred tax assets amounting to 11,596,623 thousand TL. Recoverable amount of recognized deferred tax asset was estimated based on the Group management’s current assumptions and future business plans. As also disclosed in Note 2.10, the amount to be recognised depends on the estimates in the prospective income projections of the Group management and the deferred tax assets, which are recognized in the consolidated financial statements as of 31 December 2022, are significant. Accordingly, this matter has been considered as a key audit matter.</p>	<p>The audit procedures we have applied for the recoverability of deferred tax assets are summarized below:</p> <ul style="list-style-type: none">• Prospective income projections have been obtained from the Group management and the significant estimates used in the prospective income projections were evaluated in meetings with senior management. Additionally, the reasonableness of these estimations was evaluated by comparing them with external sources.• The distribution revenue projections included in the prospective income projections prepared by the Group for the <i>Distribution</i> segment for the 2023-2025 period have been compared with the income requirement table announced by EMRA for the fourth (2021-2025) tariff period.• The deductible tax losses and the years in which the deduction can be made are compared with the previous corporate tax returns approved by the tax experts of the Group and current year corporate tax calculations have been examined by our specialists. The calculation of the related deferred tax assets has been presented to our tax specialists for their review and evaluation.• The compliance of related disclosures on the “recoverability of deferred tax assets” with the TFRS were tested.



Key Audit Matters	How the key audit matter was addressed in the audit
Goodwill Impairment Test	
<p>As at 31 December 2022, there is goodwill amounting to 1,977,127 thousand TL in the consolidated statement of financial position as a result of previous acquisitions. In accordance with TAS 36 “Impairment of Assets”, the Group is required to perform an impairment test annually for the goodwill that arose as part of the business combinations.</p> <p>The accounting policies and estimates of the Group related to the goodwill impairment tests were disclosed in Note 2.9 and Note 2.10 in the consolidated financial statements.</p> <p>We focused on this matter in our audit due to the following reasons:</p> <ul style="list-style-type: none">Recognized goodwill is material to the Group’s consolidated financial statements as of 31 December 2022,The use of significant management estimates and assumptions in the goodwill impairment test as disclosed in Note 2.10 and the fact that these estimates and assumptions may be affected by future sectoral and economic changes,The necessity of using our valuation experts to check the mathematical accuracy of the goodwill impairment calculations	<p>The audit procedures we have performed for goodwill impairment test are summarized below:</p> <ul style="list-style-type: none">We tested the calculations in the goodwill impairment test for mathematical accuracy.We evaluated the estimations used in goodwill impairment test together with our valuation experts considering the independent data sources and current market conditions.We evaluated the realization of prospective cash flow and investment expenditures projections used in the goodwill impairment test in meetings held with senior management.We checked the compatibility of the financial statements of the base year on goodwill impairment tests with the audited financial statements.The consistency of projections made in previous years has been compared with this year's consolidated financial statements.The sensitivity disclosures made in relation to goodwill impairment test have been tested for mathematical accuracy and proper disclosure.The compliance of related disclosures on the goodwill impairment testing to TFRS were evaluated.



Key Audit Matters	How the key audit matter was addressed in the audit
Revenue recognition of retail companies	
<p>As disclosed in Note 4, the Group’s subsidiaries in the <i>Retail</i> segment recognized revenue amounting to 59,342,509 thousand TL. These entities are obliged to supply electricity on retail sales tariff regulated by the EMRA to the ineligible customers (regulated customers) in their respective distribution regions, eligible customers who have not used their eligibility right to become an eligible customer and eligible customers who are in the last source consumer group and have not chosen their supplier through bilateral agreements.</p> <p>Along with that, retail companies supply electricity to eligible customers through bilateral agreement based on free market conditions.</p> <p>Given the complexity of such transactions, the necessity to account significant amounts of several accruals at the end of periods and their significant effects on the financial statements, we determined this matter significant to our audit and therefore considered as key audit matter.</p>	<p>The audit procedures we have applied for revenue recognition of retail companies are summarized below:</p> <p>Automated reconciliations on processes, including tariff definition, pricing, invoicing and collection sub-processes for systems invoicing important revenue streams, were understood and the completeness, accuracy of these transactions, as well as the key controls determined were tested.</p> <p>Tests were made with sampling method regarding the accuracy of customer invoices and these invoices were matched with the collections made from the customer. The accuracy of the tariffs on the invoices has been tested.</p> <p>In order to evaluate the compliance of the calculations with the EMRA legislations and TFRS, accruals related to revenue recognition were tested.</p> <p>The adequacy of the disclosures in the consolidated financial statements with TFRS has been checked.</p>



4. Other matters

The Group's consolidated financial statements for the year ended 31 December 2021 were audited by another independent audit firm, whose report, dated 18 February 2022, expressed an unmodified opinion on those statements.

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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



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

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 23 February 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Çağlar Sürücü, SMMM
Partner

Istanbul, 23 February 2023

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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Enerjisa Enerji A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

ASSETS	Notes	Audited / current period 31 December 2022	Audited / prior period 31 December 2021
Current Assets		21,990,411	12,795,629
Cash and Cash Equivalents	28	8,370,987	411,992
Financial Assets	10	3,342,405	3,316,298
Trade Receivables	6	5,687,530	5,572,805
<i>Due from Related Parties</i>	5	37,211	34,942
<i>Due from Third Parties</i>		5,650,319	5,537,863
Other Receivables	7	1,862,308	1,193,566
<i>Due from Third Parties</i>		1,862,308	1,193,566
Derivative Financial Instruments	26	234,604	1,548,306
Inventory	8	1,562,338	447,450
Prepaid Expenses	9	419,238	65,010
Assets Related with Current Taxes	24	442,940	187,648
Other Current Assets	17	68,061	52,554
Non-Current Assets		37,198,186	18,538,012
Trade Receivables	6	109,078	-
<i>Due from Related Parties</i>	5	23,753	-
<i>Due from Third Parties</i>		85,325	-
Other Receivables	7	4,776,922	685,077
<i>Due from Third Parties</i>		4,776,922	685,077
Derivative Financial Instruments	26	11,646	62,210
Financial Assets	10	11,790,168	9,537,341
Right of Use Assets	11	387,317	256,196
Property, Plant and Equipment	12	1,634,005	1,444,088
Intangible Assets	13	6,097,098	6,225,435
<i>Goodwill</i>		1,977,127	1,977,127
<i>Other Intangible Assets</i>		4,119,971	4,248,308
Prepaid Expenses	9	15,327	3,828
Deferred Tax Assets	24	12,371,412	318,901
Other Non-Current Assets	17	5,213	4,936
TOTAL ASSETS		59,188,597	31,333,641

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

Enerjisa Enerji A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

LIABILITIES	Notes	Audited / current period 31 December 2022	Audited / prior period 31 December 2021
Current Liabilities		31,253,840	14,256,376
Short-Term Financial Liabilities	25	8,181,288	1,040,267
Short-Term Portion of Long Term Financial Liabilities	25	6,990,064	5,294,870
Other Financial Liabilities	25	82,688	118,387
Trade Payables	6	6,772,301	3,981,140
<i>Due to Related Parties</i>	5	310,732	87,373
<i>Due to Third Parties</i>		6,461,569	3,893,767
Payables for Employee Benefits	16	237,342	81,812
Other Payables	7	5,369,044	2,888,202
<i>Due to Related Parties</i>	5	2,425	-
<i>Due to Third Parties</i>		5,366,619	2,888,202
Derivative Financial Instruments	26	102,960	43,717
Deferred Income	9	32,538	450
Income Tax Liability	24	1,901,790	93,155
Short-Term Provisions		506,330	369,721
<i>Provisions for Employment Benefits</i>	16	135,386	76,968
<i>Other Short-Term Provisions</i>	14	370,944	292,753
Other Short-Term Liabilities	17	1,077,495	344,655
Non-Current Liabilities		6,362,511	7,726,243
Long-Term Financial Liabilities	25	3,923,661	4,381,083
Other Financial Liabilities	25	509,087	457,604
Derivative Financial Instruments	26	-	2,419
Deferred Income	9	-	1,062,094
Long-Term Provisions		1,153,248	315,419
<i>Provisions for Employment Benefits</i>	16	1,153,248	315,419
Deferred Tax Liabilities	24	774,789	1,504,908
Other Long-Term Liabilities	17	1,726	2,716
TOTAL LIABILITIES		37,616,351	21,982,619

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



Enerjisa Enerji A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

LIABILITIES	Notes	Audited / current period 31 December 2022	Audited / prior period 31 December 2021
Equity		21,572,246	9,351,022
Registered Share Capital	18	1,181,069	1,181,069
Share Premium	18	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 Remeasurement of Defined Benefit Plans</i>		<i>(3,464)</i>	<i>(3,464)</i>
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		174,344	986,687
<i>Hedge Reserves</i>		<i>174,344</i>	<i>986,687</i>
Restricted Profit Reserves	18	696,708	394,232
Retained Earnings		3,245,180	2,551,626
Profit for the Period		14,498,093	2,282,368
TOTAL LIABILITIES AND EQUITY		59,188,597	31,333,641

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

Enerjisa Enerji A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	Audited / current period 1 January - 31 December 2022	Audited / prior period(*) 1 January - 31 December 2021
Revenue	19	84,449,031	32,994,330
Cost of Sales (-)	20	(68,620,850)	(24,712,503)
GROSS PROFIT		15,828,181	8,281,827
General Administrative Expenses (-)	21	(7,734,051)	(3,382,729)
Other Income from Operating Activities	22	4,483,924	831,971
Other Expenses from Operating Activities (-)	22	(4,230,047)	(1,216,478)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		8,348,007	4,514,591
Finance Income	23	310,657	108,090
Finance Expense (-)	23	(4,212,040)	(1,479,567)
PROFIT BEFORE TAX		4,446,624	3,143,114
Tax Expense		10,051,469	(860,746)
Current Tax Expense (-)	24	(2,483,504)	(989,969)
Deferred Tax Income / (Expense)	24	12,534,973	129,223
PROFIT FOR THE PERIOD		14,498,093	2,282,368
OTHER COMPREHENSIVE INCOME AND EXPENSE			
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		(812,343)	1,049,174
<i>Gains / (Losses) on Hedges</i>		<i>(1,060,000)</i>	<i>1,359,451</i>
<i>Income Tax Relating to Other Comprehensive Income</i>	24	247,657	(310,277)
TOTAL COMPREHENSIVE INCOME		13,685,750	3,331,542
Earnings per share			
Earnings per share (kr)	18	12.28	1.93

(*) Details for reclassifications of prior year consolidated financial statements are disclosed in Note 2.3.

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Share Capital	Share Premium (*)	Restricted Profit Reserves	Other Funds	Remeasurement of Defined Benefit Plans	Hedge Reserves	Retained Earnings	Profit for the Period	Total Equity
Balance as at 1 January 2021	1,181,069	2,416,412	320,115	4,340	(3,464)	(62,487)	2,209,638	1,087,683	7,153,306
Transfers (**)	-	(462,248)	74,117	-	-	-	1,475,814	(1,087,683)	-
Dividend	-	-	-	-	-	-	(1,133,826)	-	(1,133,826)
Total comprehensive income	-	-	-	-	-	1,049,174	-	2,282,368	3,331,542
Balance as at 31 December 2021	1,181,069	1,954,164	394,232	4,340	(3,464)	986,687	2,551,626	2,282,368	9,351,022
Balance as at 1 January 2022	1,181,069	1,954,164	394,232	4,340	(3,464)	986,687	2,551,626	2,282,368	9,351,022
Transfers (**)	-	(178,188)	302,476	-	-	-	2,158,080	(2,282,368)	-
Dividend (***)	-	-	-	-	-	(812,343)	(1,464,526)	-	(1,464,526)
Total comprehensive income	-	-	-	-	-	-	14,498,093	14,498,093	13,685,750
Balance as at 31 December 2022	1,181,069	1,775,976	696,708	4,340	(3,464)	174,344	3,245,180	14,498,093	21,572,246

(*) The account name presented as “Adjustment to Share Capital” in previous periods has been changed to “Share Premium” (Note 2.3).

(**) Share premiums amounting to TL 178,188 has been transferred to retained earnings and subject to dividend distribution (31 December 2021: TL 462,248).

(***) During the Ordinary General Assembly held on 30 March 2022, it has been resolved to distribute the dividend at the amount of TL 1,464,526 derived from the Group’s net distributable earnings in 2021 and pay the cash dividend beginning from 11 April 2022. Dividends were paid out in cash in April 2022. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 1.24 (full digit) (2021: TL 0.96 (full digit)).

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

Enerjisa Enerji A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	Audited / current period 1 January - 31 December 2022	Audited / prior period 1 January - 31 December 2021
Cash Flows from Operating Activities		10,837,113	5,057,411
Profit for the period		14,498,093	2,282,368
Profit for the period		14,498,093	2,282,368
Adjustments to reconcile net profit for the period		(8,684,996)	680,109
Adjustments related to the depreciation and amortization	11, 12, 13	568,575	472,588
Adjustments related to the depreciation of right of use assets	11	153,687	112,711
Adjustments related to the depreciation of property, plant and equipment	12	143,377	112,582
Adjustments related to the amortization of intangible assets	13	271,511	247,295
Adjustments related to impairment loss		1,250,623	570,085
Adjustments related to doubtful provision expenses	6, 10	1,250,623	570,085
Adjustments related to provisions		1,078,626	179,679
Adjustments related to provisions for employee benefits		996,172	186,050
Adjustments related to legal case provisions		82,454	(6,371)
Adjustments related to interest (income) and expenses, net		3,728,740	1,308,716
Adjustments related to interest income	23	(310,657)	(108,090)
Adjustments related to interest expense		4,039,397	1,416,806
Adjustments related to unrealized foreign exchange loss		(86,455)	299,533
Adjustments related to tax expense	24	(10,051,469)	860,746
Adjustments related to change in fair value losses / (gains)		380,561	(310,479)
Other adjustments to reconcile profit / (loss)	28	(5,554,197)	(2,700,759)
Adjustments related to interest (income) / expense from tariff receivables (Note 22)	22	(1,009,497)	(56,312)
Adjustments related to financial income from service concession arrangements	10, 19	(6,225,734)	(2,950,583)
Adjustments related to revaluation differences arising from deposits and guarantees	22	1,681,034	306,136
Changes in operating assets and liabilities		(3,683,931)	(1,113,625)
(Increase) / decrease in trade receivables		(1,838,381)	(3,362,830)
(Increase) / decrease in inventories		(1,114,888)	(277,912)
(Increase) / decrease in other receivables and assets		(5,135,925)	(480,832)
Increase / (decrease) in trade payables		2,813,543	2,063,627
Increase / (decrease) in other payables and expense accruals		1,591,720	944,322
Cash generated from operating activities		2,129,166	1,848,852
Payments related with provisions for employee benefits	16	(99,925)	(64,265)
Tax payments		(675,755)	(1,257,523)
Interest received		867,056	-
Other cash in-flows	28	8,616,571	4,530,347
Capital expenditures reimbursements related to service concession arrangements	10	4,663,403	2,555,978
WACC reimbursements related to service concession arrangements	10	3,735,996	1,808,541
Collections from doubtful trade receivable	6	217,172	165,828
Cash Flows from Investing Activities		(5,588,089)	(3,265,918)
Cash used for purchase of tangible and intangible assets		(519,758)	(753,880)
Interest received		244,813	111,545
Other cash out-flows	28	(5,313,144)	(2,749,691)
Capital expenditures related to service concession arrangements		(5,313,144)	(2,749,691)
Cash receipt from sale of debt instruments		-	126,108
Cash Flows from Financing Activities		2,709,971	(1,968,072)
Cash in-flows from borrowings	25	36,711,811	16,479,807
Cash out-flows for borrowings	25	(28,637,035)	(15,608,222)
Repayment of of lease liabilities	25	(208,533)	(148,644)
Interest paid		(3,696,881)	(1,557,187)
Interest received		5,135	-
Dividend paid		(1,464,526)	(1,133,826)
Increase / (decrease) in cash and cash equivalents		7,958,995	(176,579)
Cash and cash equivalents at the beginning of the period	28	411,992	588,571
Cash and cash equivalents at the end of the period		8,370,987	411,992

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



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

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

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

Subsidiaries consolidated in the consolidated financial statements as of 31 December 2022 and their activities are as follows:

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

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

The Group has 11,685 employees as of 31 December 2022 (31 December 2021: 11,300 employees).

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 23 February 2023. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

BAŞKENT EDAŞ and EPS

BAŞKENT EDAŞ has been acquired by EEDAŞ as of 28 January 2009 by privatization bid for the consideration of USD 1,225 million. BAŞKENT EDAŞ currently operates in 7 provinces including Ankara, Kırıkkale, Kastamonu, Zonguldak, Bartın, Çankırı and Karabük and holds the licence that gives the right for distribution of electricity in these provinces for 30 years starting from the date of Transfer of Operation Rights (“TOR”) agreement signed with Türkiye Elektrik Dağıtım A.Ş. (“TEDAŞ”) on 31 March 2006.

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

AYEDAŞ and AYESAŞ

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

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



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

TOROSLAR EDAŞ and TOROSLAR EPSAŞ

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

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

EMRA has set a unique pricing mechanism for all of the electricity distribution companies in Turkey. In accordance with this pricing mechanism, EMRA determines the regional tariffs for distribution companies in Turkey. EMRA has announced a new tariffs for the period between 2011 and 2015 in December 2010; for the period between 2016 and 2020 in December 2015; and for the period between 2021 and 2025 in December 2020.

Enerjisa Müşteri Çözümleri A.Ş.

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

E-şarj

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

In accordance with the Shareholders Agreement dated 26 April 2018, Enerjisa Müşteri Çözümleri A.Ş. acquired a minority stake of 14% in E-şarj for a consideration of TL 42,447 on 3 December 2021. Following the transaction, Enerjisa Müşteri Çözümleri A.Ş.'s share at E-şarj increased from 80% to 94%.

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

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

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this year end consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

The accompanying consolidated financial statement are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, no: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No: 28676 on 13 June 2013. The accompanying consolidated financial statements have been prepared in accordance with TFRS that have been put into effect by POA under Article 5 of the Communiqué.

2.2 Functional and Presentation of Currency

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

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



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.3 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

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

If the presentation or classification of the current period financial statements is changed, in order to maintain consistency, comparative information are also adjusted or reclassified in line with the related changes. The nature, amount and reasons for each of the reclassifications and adjustments are described below:

	Previously Reported 31 December 2021	Impact of reclassifications	Restated 31 December 2021
Revenue	30,547,681	2,446,649	32,994,330
Cost of Sales (-)	(22,265,854)	(2,446,649)	(24,712,503)
GROSS PROFIT	8,281,827	-	8,281,827

The Group has reviewed revenue and cost of sales accounts and presented investment revenues and investment costs as gross, which were shown net previously, in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

The Group has reviewed its account names for equity and changed the account name, which it had presented as "Adjustment to Share Capital" in previous years, to "Share Premium" in order to comply with the POA taxonomy.

2.4 Changes in Accounting Policies

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

2.5 Changes and Misstatements in Accounting Estimates

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. Group has made a change in estimates used for the calculation of financial assets and financial income from service concession arrangements which is explained under critical accounting judgements and key sources of estimation uncertainty section (Note 2.10). The accounting estimate change has been applied prospectively.

2.6 Going Concern

The business models of electricity distribution companies operating in Turkey are to make distribution infrastructure investments and reimburse the investments within 10 years together with a weighted average cost of capital (WACC) regulated by the Energy Market Regulatory Authority (EMRA). Therefore, a short-term financing need is inherent in the business model. The over or under invoicing made by the Group is calculated at the end of each year and adjusted by the EMRA through tariffs after two years. These amounts are classified as long-term receivables in the balance sheet.

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.6 Going Concern (Continued)

At the same time, deposits received from customers by retail companies are classified as other short term payables since they are treated as payable on demand. However, the cash outflows of those amounts expected to occur in the long term. As of 31 December 2022, current liabilities exceeds the current assets amounting to TL 9,263,429 in the consolidated financial position of the Group. Group ensures the any possible short term cash need with its strong operational cash inflow and effective financing management. The Group prepares consolidated financial statements in accordance with the going concern assumption and does not anticipate a significant risk.

2.7 Basis of Consolidation

The details of the Company's subsidiaries at 31 December 2022 and 31 December 2021 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		31 December 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 services



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.7 Basis of Consolidation (Continued)

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

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

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

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

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

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

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

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

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

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.8 New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) Standards, amendments and interpretations applicable as at 31 December 2022:

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the TAS published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the TASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

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



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 New and Revised Turkish Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:

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

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **TFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9 Summary of Significant Accounting Policies

Business Combinations

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

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

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

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

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



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9 Summary of Significant Accounting Policies (Continued)

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually (Note: 2.10), or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

Related Parties

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

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

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

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

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

2.9 Summary of Significant Accounting Policies (Continued)

Related Parties (Continued)

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

Revenue Recognition

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

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

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

Gross profit to be gained from the regulatory portfolio of the Group is determined by EMRA and the revenue of the companies related to the regulated portfolio is computed in accordance with the provisions of "Regulation of Retail Energy Sales Prices" issued by EMRA on 17 November 2020 by considering revenue requirements to cover the operational expenses and the doubtful receivable expenses are reflected in the consolidated financial statements based on TFRS 15 requirements.

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

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



Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Principal and agent assessment

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

Financial income from service concession arrangements

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

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

Group recognizes the revenue calculated by the internal rate of return as "Financial Income from Service Concession Arrangements" in profit or loss and other comprehensive income statement. Main revenue source of distribution companies are financial income from the investments for improvement and maintenance of network. Therefore, Group evaluates that the financial income from service concession arrangements drives from the main business activity of the distribution companies and accordingly it is recognized as a part of revenue.

Service Concession Arrangements

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

Considering the Group's terms in the service concession arrangements, a financial asset model according to IFRIC 12 where the Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated by EMRA.

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

Enerjisa Enerji A.Ş. and its Subsidiaries

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

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

2.9 Summary of Significant Accounting Policies (Continued)

Inventories

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

Property, plant and equipment

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

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

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

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

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

Intangible assets

Customer contracts and relations and Transfer of Operational Rights

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

Computer software

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



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

2.9 Summary of Significant Accounting Policies (Continued)

Leasing transactions

Group as a lessee

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

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

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,
- The right to direct the use of the identified asset. The Group has the right to direct the use of an identified asset throughout the period of use only if either:
 - a) the Group has the right to direct how and for what purpose the asset is used throughout the period of use
 - b) the Group has the right to direct use of asset if either:
 - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

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

Right of use asset

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

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

2.9 Summary of Significant Accounting Policies (Continued)

Leasing transactions (Continued)

Right of use asset (Continued)

The cost of right-of-use assets includes:

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

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

Right-of-use assets are subject to impairment.

Lease Liabilities

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

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

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

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

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

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

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



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

2.9 Summary of Significant Accounting Policies (Continued)

Impairment of non-financial assets

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

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. There were no capitalized borrowing costs in 2021 and 2022.

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

Financial instruments

Financial assets - Classification and measurement

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

(a) Financial assets carried at amortised cost

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

Impairment

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

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

2.9 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

(a) Financial assets carried at amortised cost (Continued)

Impairment (Continued)

In the retail business, part of the doubtful trade receivables expenses are compensated by EMRA through retail service revenue. The compensation amount calculated by multiplying the average of company risk and country risk with the net invoiced sales revenue of the retail company and the amount is included in the uncontrollable operating expenses.

In the distribution business, distribution companies receive reimbursements for overdue receivables from EMRA two years after the date when doubtful receivable has become due, provided that a legal action has been initiated against the counter-party with respect to receivables. Therefore, uncollected receivables are returned to distribution companies after a two-year period.

(b) Financial assets carried at fair value

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

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

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

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

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

Offsetting

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



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

2.9 Summary of Significant Accounting Policies (Continued)

Provisions, contingent liabilities, contingent assets

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

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

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

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

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

Earnings per share

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

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

Segment reporting

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

Operating segments are reported in a manner consistent with the reporting provided to the board of directors. Board of directors are responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

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

2.9 Summary of Significant Accounting Policies (Continued)

Government grants

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

Taxation and deferred income taxes

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

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

Current tax expense

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

Deferred tax

Deferred tax is recognized in accordance with the balance sheet method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit with using tax rates that have been enacted or substantively enacted in accordance with the balance sheet method.

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

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

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

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



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

2.9 Summary of Significant Accounting Policies (Continued)

Taxation and deferred income taxes (Continued)

Deferred tax (Continued)

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

Subsequent events

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

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

Employment benefits

Termination and retirement benefits

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

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

Vacation rights and bonus provisions

The liabilities related to unused vacation rights and bonus payments from current year's performance are accrued when they are entitled.

Defined contribution plans

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

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

2.9 Summary of Significant Accounting Policies (Continued)

Statement of cash flow

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

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

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

The disclosure of cash flows from investing activities provides users with information on the extent of expenditure that has been incurred in order to generate the future cash flows and profits of the business. Group is responsible to provide electricity distribution services and operate the electricity network during the license period. In order to maintain the network service, the Group has to make these physical investments and incur related expenditure to generate future cash flows. Therefore, capital expenditures related to service concession arrangement has been classified under cash flows from investing activities at consolidated statement of cash flow.

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

Share capital and dividends

Common shares are classified as equity.

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

2.10 Significant Accounting Estimates and Assumptions

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

Use of Estimates

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



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

2.10 Significant Accounting Estimates and Assumptions (Continued)

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

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

Impairment test of Goodwill

Pursuant to TAS 36 *Impairment of Assets*, the Group tested goodwill as of 31 December 2022 in accordance with the accounting policy stated at Note: 2.9. The goodwill impairment test is carried out for Retail Cash Generating Units ("CGU"). As of 31 December 2022, the following assumptions were used to determine the recoverable amount of Retail CGU:

<u>CGU:</u>	<u>Retail</u>
Base used for the recoverable amount:	Value in use
Source:	Forecasted cash flows
WACC (TL):	26.7%
Terminal growth rate	4%

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

1% increase of weighted average cost of capital decreases the recoverable amount of Retail CGU by 3%,
1% decrease of weighted average cost of capital increases the recoverable amount of Retail CGU by 3%.
1% increase of terminal growth rate cost of capital increases the recoverable amount of Retail CGU by 3%,
1% decrease of terminal growth rate decreases the recoverable amount of Retail CGU by 2%. No impairment is identified based on the sensitivity analysis.

Key sources of estimation uncertainty

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

Service concession arrangements

The Group determines the financial assets and financial income from service concession arrangements balances recognized under service concession arrangements based on the cash flows derived from the tariffs announced by EMRA. The distribution revenue requirements of the Group during the second (2011 - 2015), third (2016 - 2020) and fourth tariff periods (2021 - 2025) were determined by EMRA considering the projected expenses and related tariffs which were published in 2010, 2015 and 2020. These tariffs are revised yearly due to inflation, based on the changes in the Electricity Market Index ("EMI") (Since the "EMI" is not announced, CPI ("Consumer Price Index") is considered as based). In determination of the aforementioned projected cash inflows in the upcoming periods the Group management made estimates related to the CPI rate and the WACC ("Weighted Average Capital Cost") rate determined in the latest tariff period continued to be used until the end of the license period. Moreover, distribution revenue requirements from the end of fourth tariff period to the end of license (2036 for BAŞKENT EDAŞ and 2042 for AYEDAŞ and TOROSLAR EDAŞ) had been expected by the Group management based on the tariff components announced for the fourth tariff period until 30 June 2022.

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

2.10 Significant Accounting Estimates and Assumptions (Continued)

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

Key sources of estimation uncertainty (Continued)

Service concession arrangements (Continued)

However, the expectations are limited to include only the realized investments and related reimbursements in the upcoming years for these investments and aforementioned CPI estimates in order to make more reliable measurement starting from 1 July 2022. The accounting estimate change has been applied prospectively.

Revenue recognition

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

Deferred tax

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized in the upcoming years. Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be used. Group calculated deferred tax assets for the unused tax losses which are carried in the legal books to the extent that it is possible that future taxable profits will be available against which they can be used and for the revaluation records for fixed assets in the legal books within the scope of Law No. 7338 which is published in the Official Gazette on 26 October 2021. Deferred tax assets are recognized when it is probable that tax benefits will be available in future periods. Therefore, the recognition of the deferred tax assets are based on the expectations of the future financial performance of the Group. Assessments are performed based on the future financial plans and tax planning strategies which can be implemented when necessary. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered (Note 24).



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NOTE 3 – SHARES IN OTHER PARTIES

Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership (%)	
			31 December 2022	31 December 2021
BAŞKENT EDAŞ	Electricity Distribution Services	Ankara	100	100
EPS	Electricity Retail Services	Ankara	100	100
AYEDAŞ	Electricity Distribution Services	İstanbul	100	100
AYESAŞ	Electricity Retail Services	İstanbul	100	100
TOROSLAR EDAŞ	Electricity Distribution Services	Adana	100	100
TOROSLAR EPSAŞ	Electricity Retail Services	Adana	100	100
	Customer Solutions and			
Enerjisa Müşteri Çözümleri A.Ş.	Distributed Generation Services	İstanbul	100	100
	Electric Vehicles and			
E-şarj	Charging Stations Services	İstanbul	94	94
			Number of subsidiaries owned by the Group	
Principal Activity			31 December 2022	31 December 2021
Electricity Distribution Services		Ankara, İstanbul, Adana	3	3
Electricity Retail Services		Ankara, İstanbul, Adana	3	3
Customer Solutions and DistributedGeneration Services		İstanbul	1	1
Electric Vehicles and Charging Stations Services		İstanbul	1	1

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NOTE 4 - SEGMENT REPORTING

The business activities of the Group are managed and organized according to the services provided in the electricity market. The Group has three main operating segments; electricity distribution, retail and customer solutions. The principal activity of distribution segment is the transmission of electricity over lines to the end users through distribution networks, by also providing infrastructure investments due to the regulated tariffs announced by EMRA; whereas the retail segment conduct retail sales of electricity to the customers. The main activity of the customer solutions segment is to provide energy efficiency and distributed generation solutions to customers. E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.'s activities are also disclosed under customer solutions segment. The Group performs segment reporting according to TFRS 8 in order to provide unbiased and transparent information to the investor. The Group management follows the performance of the business segments with operating profit and net profit for the period, as well as financial and non-financial indicators.

The following table contains information on the Group's sales and profit from its operations for the year ended 31 December 2022 and 31 December 2021.

1 January - 31 December 2022	Distribution	Retail	Customer Solutions	Unallocated (*)	Eliminations	Total
Revenue	24,872,390	59,342,509	234,132	123,079	(123,079)	84,449,031
Cost of sales (-)	(11,064,085)	(57,476,117)	(80,648)	-	-	(68,620,850)
Gross profit / (loss)	13,808,305	1,866,392	153,484	123,079	(123,079)	15,828,181
General administrative expenses (-)	(6,313,295)	(1,036,983)	(84,099)	(427,701)	128,027	(7,734,051)
Other income / (expense) from operating activities - net	(380,709)	701,823	(66,761)	1,672	(2,148)	253,877
Operating profit / (loss)	7,114,301	1,531,232	2,624	(302,950)	2,800	8,348,007
Financial income	214,037	288,939	20,815	557,106	(770,240)	310,657
Financial expense (-)	(3,163,541)	(790,435)	(72,492)	(955,812)	770,240	(4,212,040)
Profit / (loss) before taxation on income	4,164,797	1,029,736	(49,053)	(701,656)	2,800	4,446,624
Current tax expense (-)	(804,723)	(1,678,781)	-	-	-	(2,483,504)
Deferred tax income / (expense)	11,122,067	1,265,397	7,297	140,212	-	12,534,973
Net profit / (loss) for the period	14,482,141	616,352	(41,756)	(561,444)	2,800	14,498,093

(*) TL 208,663 of TL 568,575 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 13), which is presented as unallocated under general administrative expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business and financial incomes under unallocated part mainly represents the interest income from intercompany loans given to distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.



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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2021	Distribution	Retail	Customer Solutions	Unallocated (**)	Eliminations	Total
Revenue (*)	12,677,202	20,076,342	240,786	34,641	(34,641)	32,994,330
Cost of sales (-) (*)	(5,550,361)	(19,018,201)	(143,941)	-	-	(24,712,503)
Gross profit / (loss)	7,126,841	1,058,141	96,845	34,641	(34,641)	8,281,827
General administrative expenses (-)	(2,613,131)	(481,015)	(23,172)	(304,700)	39,289	(3,382,729)
Other income / (expense) from operating activities - net	(342,450)	16,611	(54,767)	747	(4,648)	(384,507)
Operating profit / (loss)	4,171,260	593,737	18,906	(269,312)	-	4,514,591
Financial income	190,116	457,306	10,493	115,362	(665,187)	108,090
Financial expense (-)	(1,541,290)	(24,684)	(10,377)	(568,403)	665,187	(1,479,567)
Profit / (loss) before taxation on income	2,820,086	1,026,359	19,022	(722,353)	-	3,143,114
Current tax expense (-)	(985,092)	-	(4,877)	-	-	(989,969)
Deferred tax income / (expense)	220,458	(236,404)	(1,201)	146,370	-	129,223
Net profit / (loss) for the period	2,055,452	789,955	12,944	(575,983)	-	2,282,368

(*) Details for reclassifications of prior year consolidated financial statements are disclosed in Note 2.3.

(**) TL 208,663 of TL 472,588 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 13), which is presented as unallocated under general administrative expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business and financial incomes under unallocated part mainly represents the interest income from intercompany loans given to distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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NOTE 4 - SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial position of its business segments related to the periods ended 31 December 2022 and 31 December 2021.

As at 31 December 2022	Distribution	Retail	Customer Solutions	Unallocated (*)	Eliminations	Total
Segment assets						
Cash and cash equivalents	315,017	8,040,899	14,891	180	-	8,370,987
Trade receivables	3,862,470	2,930,900	175,794	42,274	(1,214,830)	5,796,608
Inventories	1,393,613	-	168,725	-	-	1,562,338
Derivative instruments	17,280	228,970	-	-	-	246,250
Financial assets	15,134,818	-	-	(2,245)	-	15,132,573
Right of use assets	318,588	63,301	570	4,858	-	387,317
Property, plant and equipment	1,490,471	36,978	102,464	4,092	-	1,634,005
Intangible assets	68,576	115,997	50,328	5,862,197	-	6,097,098
Deferred tax assets	10,831,314	1,115,132	13,419	411,547	-	12,371,412
Other receivables and assets	6,511,518	5,020,174	128,291	7,643,782	(11,713,756)	7,590,009
Total assets	39,943,665	17,552,351	654,482	13,966,685	(12,928,586)	59,188,597
Segment liabilities						
Financial liabilities	9,133,018	4,972,170	154,680	10,125,625	(5,290,480)	19,095,013
Other financial liabilities	591,775	-	-	-	-	591,775
Trade payables	4,387,515	3,454,251	128,618	16,747	(1,214,830)	6,772,301
Derivative instruments	94,865	6,035	2,060	-	-	102,960
Deferred tax liabilities	-	-	-	774,789	-	774,789
Other payables and liabilities	8,742,731	7,617,180	298,415	44,463	(6,423,276)	10,279,513
Total liabilities	22,949,904	16,049,636	583,773	10,961,624	(12,928,586)	37,616,351

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).
(*) As of 31 December 2022, the Group has recorded an impairment provision of TL 2,245 for its financial assets in accordance with TFRS 9 Financial Instruments.



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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2021	Distribution	Retail	Customer Solutions	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	5,627,341	(490,990)	(34,707)	(44,233)	-	5,057,411
Profit for the period	2,055,452	789,955	12,944	(575,983)	-	2,282,368
Adjustments to reconcile net profit for the period	(57,176)	166,417	24,523	546,345	-	680,109
Changes in operating assets and liabilities	168,225	(1,207,400)	(71,711)	(2,739)	-	(1,113,625)
Cash generated from operating activities	2,166,501	(251,028)	(34,244)	(32,377)	-	1,848,852
Tax payments	(960,017)	(297,506)	-	-	-	(1,257,523)
Other cash inflows / (outflows) (**)	4,420,857	57,544	(463)	(11,856)	-	4,466,082
Cash Flows from Investing Activities	(3,281,804)	398,653	(47,798)	640,045	(975,014)	(3,265,918)
Cash used for purchase of property, plant and equipment and intangible assets	(658,221)	(36,627)	(48,823)	(10,209)	-	(753,880)
Interest received	-	435,280	1,025	650,254	(975,014)	111,545
Other cash out-flows (*)	(2,749,691)	-	-	-	-	(2,749,691)
Cash outflows to acquire debt instruments	126,108	-	-	-	-	126,108
Cash Flows from Financing Activities	(2,158,047)	(286,597)	97,349	(595,791)	975,014	(1,968,072)
Increase / (decrease) in cash and cash equivalents	187,490	(378,934)	14,844	21	-	(176,579)
Cash and cash equivalents at the beginning of the period	43,804	535,566	9,107	94	-	588,571
Cash and cash equivalents at the end of the period	231,294	156,632	23,951	115	-	411,992

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

(**) Other cash inflows include capital expenditures reimbursements related to service concession arrangements amounting to TL 2,555,978 and WACC reimbursements related to service concession arrangements amounting to TL 1,808,541.

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NOTE 5 - RELATED PARTY TRANSACTIONS

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

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

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

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

Related party bank balances – Akbank T.A.Ş. (1)	31 December 2022	31 December 2021
Demand deposits	110,548	82,836
Time deposits	1,501,932	195,111
	<u>1,612,480</u>	<u>277,947</u>

Loans provided by related parties	Original currency	Maturity	31 December 2022	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	23 February 2023	306,693	-
Akbank T.A.Ş. (1)	TL	23 February 2023	306,546	-
Akbank T.A.Ş. (1)	TL	23 February 2023	306,550	-
Akbank T.A.Ş. (1)	TL	9 March 2023	51,537	-
Akbank T.A.Ş. (1)	TL	9 March 2023	102,975	-
Akbank T.A.Ş. (1)	TL	9 March 2023	103,024	-
Akbank T.A.Ş. (1)	TL	9 March 2023	206,048	-
Akbank T.A.Ş. (1)	TL	9 March 2023	975,764	-
Akbank T.A.Ş. (1)	TL	15 December 2023	608,979	-
Akbank T.A.Ş. (1)	TL	15 December 2023	608,979	-
Akbank T.A.Ş. (1)	TL	15 December 2023	304,490	-
			<u>3,881,585</u>	<u>-</u>

As of 31 December 2022, the interest rates of TL related party loans utilized are in the range of 9.71% - 21.00% and the interest rate of TLREF related party loans are utilized is TLREF+23%. (31 December 2021: 8.66% - 9.98%). As of 31 December 2022, there is no foreign currency related party loans (31 December 2021: None).

As of 31 December 2022 and 31 December 2021, the Group has not given any collateral for the loans.



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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

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

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

	31 December 2022				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	125,095	46,224	3,260,541	142,728	(92,630)
	125,095	46,224	3,260,541	142,728	(92,630)

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

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Balances with Related Parties	31 December 2022			
	Receivables		Payables	
	Current	Non-current	Current	
	Trade	Trade	Trade	Other
Akbank T.A.Ş. (1)	21,971	-	-	-
Aksigorta A.Ş. (1)	-	-	7,133	2,425
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	3,832	23,753	-	-
Carrefoursa A.Ş. (1)	4,820	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	1,118	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	259	-	295,699	-
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	1,130	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	7,900	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,913	-	-	-
Other (1)	2,168	-	-	-
	37,211	23,753	310,732	2,425

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

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

(**) Short term trade receivables and payables include electricity sales to Sabancı and consultancy services from Sabancı.



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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

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

	1 January - 31 December 2022	1 January - 31 December 2021
Short-term employee benefits	76,551	44,544
Long-term employee benefits	1,438	1,459
	<u>77,989</u>	<u>46,003</u>

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 31 December 2022					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	179,829	-	125,386	866,785	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	188	-	-	-	-	-
Aksigorta A.Ş. (1)	121	-	-	-	101,032	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	37	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	1,405	-	-	-	-	5,849
Carrefoursa A.Ş. (1)	265,923	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	7,695	-	-	-	1,082	-
Enerjisa Üretim Santralleri A.Ş. (1)	5,666	9,704,988	-	-	-	-
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	9,226	-	-	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	77,374	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	9,729	-	-	-	-	379
Other (1)	76	-	-	-	-	183
	<u>479,895</u>	<u>9,704,988</u>	<u>125,386</u>	<u>866,785</u>	<u>179,488</u>	<u>11,621</u>

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

(**) Includes electricity sales to Sabancı.



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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 31 December 2021					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	67,819	-	50,532	303,594	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	16	-	-	-	-	-
Aksigorta A.Ş. (1)	36	-	-	-	53,527	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	724	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	463	-	-	-	-	21,575
Carrefoursa A.Ş. (1)	120,158	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	475	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	2,740	682,485	-	-	-	1,844
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	4,613	-	-	-	310	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	28,537	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	4,936	-	-	-	-	774
Other (1)	593	-	-	-	-	-
	202,573	682,485	50,532	303,594	82,374	24,195

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

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

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

6.1 Trade Receivables

	31 December 2022	31 December 2021
Current Trade Receivables		
Trade receivables (*)	9,825,156	8,679,529
Due from related parties (Note 5)	37,211	34,942
Allowance for doubtful receivables (-)	(4,174,837)	(3,141,666)
	5,687,530	5,572,805
Non-Current Trade Receivables		
Trade receivables	85,325	-
Due from related parties (Note 5)	23,753	-
	109,078	-

(*) EMRA determines regulated margin and revenue requirements for regulated sales based on demand, energy supply costs and consumption forecasts. However, the actual demand and supply costs may show some differences from forecasts. These differences are recognized in trade receivables.

As of 31 December 2022, trade receivables amounting TL 2,846,034 (31 December 2021: TL 4,595,584) were neither past due nor impaired. Interest is charged at 1.6% for the period of 1 January 2022 – 20 July 2022, 2.5% for the period of 21 July 2022 – 31 December 2022 per month on the overdue receivable balances (1.6% per month for the period of 1 January 2021 – 31 December 2021).

As of 31 December 2022, trade receivables amounting TL 2,950,574 (31 December 2021: TL 977,221) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	31 December 2021
Up to 1 months	1,909,224	584,429
1 to 3 months	608,942	168,291
Over 3 months	432,408	224,501
	2,950,574	977,221

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



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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

6.1 Trade Receivables (Continued)

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

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	(3,141,666)	(2,750,520)
Charge for the period	(1,251,474)	(567,869)
Amounts collected during the period	217,172	165,828
Write offs	1,131	10,895
Closing balance	<u>(4,174,837)</u>	<u>(3,141,666)</u>

The Group received guarantee letters amounting to TL 2,853,966 (31 December 2021: TL 1,290,343) and deposits and guarantees amounting to TL 4,834,531 (31 December 2021: TL 2,439,314) as collateral for its electricity receivables.

6.2 Trade Payables

	31 December 2022	31 December 2021
Current Trade Payables		
Trade payables	6,461,569	3,893,767
Due to related parties (Note 5)	310,732	87,373
	<u>6,772,301</u>	<u>3,981,140</u>

Trade payables mainly arise from the Group's electricity purchases from Türkiye Elektrik Üretim A.Ş. ("EÜAŞ") and Enerji Piyasaları İşletme A.Ş. ("EPIAŞ"). The average maturity of the payables related to electricity purchases is between 24 - 25 days.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

7.1 Other Receivables

	31 December 2022	31 December 2021
Other Current Receivables		
Income accruals (*)	1,777,957	1,146,008
Deposits and guarantees given	15,203	10,802
Receivables from personnel	43	28
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	72,228	39,851
	<u>1,862,308</u>	<u>1,193,566</u>

	31 December 2022	31 December 2021
Other Non-Current Receivables		
Deposits and guarantees given (**)	839,467	449,925
Income accruals (*)	2,995,987	-
Other sundry receivables (***)	941,468	235,152
	<u>4,776,922</u>	<u>685,077</u>

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

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

(***) The Group management has assessed that the severance payment provision can be taken with the revenue requirement and has imposed an accrued income for the severance payment provision calculated.



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NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	(3,123)	(3,123)
Closing balance	<u>(3,123)</u>	<u>(3,123)</u>

7.2 Other Payables

	31 December 2022	31 December 2021
Other Current Payables		
Due to related parties (Note 5)	2,425	-
Deposits received (*)	4,834,531	2,439,314
Lighting payables	49,236	43,236
Other payables (**)	482,852	405,652
	<u>5,369,044</u>	<u>2,888,202</u>

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

(**) Other payables mainly consist of payables to tax office and general tariff provisions.

NOTE 8 – INVENTORIES

	31 December 2022	31 December 2021
Spare parts and equipments	1,392,220	441,807
Trade goods	41,936	2,179
Other inventories	128,182	3,464
	<u>1,562,338</u>	<u>447,450</u>

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NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

9.1 Prepaid Expenses

	31 December 2022	31 December 2021
Short-term prepaid expenses		
Prepaid expenses	117,281	41,242
Inventory advances given	266,291	20,010
Personnel advances	7,566	2,138
Other advances given	28,100	1,620
	<u>419,238</u>	<u>65,010</u>

	31 December 2022	31 December 2021
Long-term prepaid expenses		
Prepaid expenses	15,327	3,828
	<u>15,327</u>	<u>3,828</u>

9.2 Deferred Income

	31 December 2022	31 December 2021
Short Term Deferred Income		
Deferred income	12,923	-
Advances received	19,615	450
	<u>32,538</u>	<u>450</u>

	31 December 2022	31 December 2021
Long Term Deferred Income		
Deferred income (*)	-	1,062,094
	<u>-</u>	<u>1,062,094</u>

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



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NOTE 10 - FINANCIAL ASSETS

	Financial assets	
	31 December 2022	31 December 2021
Within one year	3,342,405	3,316,298
1-3 years	8,303,887	5,753,839
More than 3 years	3,486,281	3,783,502
	<u>15,132,573</u>	<u>12,853,639</u>
Current financial assets	3,342,405	3,316,298
Non - current financial assets	11,790,168	9,537,341
	<u>15,132,573</u>	<u>12,853,639</u>
	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	12,853,639	11,469,960
Investments	4,451,748	2,799,831
Collections	(8,399,399)	(4,364,519)
<i>CAPEX reimbursements</i>	<i>(4,663,403)</i>	<i>(2,555,978)</i>
<i>WACC reimbursements</i>	<i>(3,735,996)</i>	<i>(1,808,541)</i>
Financial income from service concession arrangements (Note 19)	6,225,734	2,950,583
Reversal / (recognition) of impairment for financial assets	851	(2,216)
Closing balance	<u>15,132,573</u>	<u>12,853,639</u>

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NOTE 11 - RIGHT OF USE ASSETS

	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2022	121,719	402,292	524,011
Additions	37,784	227,398	265,182
Changes for leasing conditions	-	683	683
Variable lease payment adjustments	19,392	-	19,392
Disposals	-	(449)	(449)
Closing balance as of 31 December 2022	<u>178,895</u>	<u>629,924</u>	<u>808,819</u>
Accumulated Depreciation			
Opening balance as of 1 January 2022	(63,489)	(204,326)	(267,815)
Charge for the period	(36,703)	(116,984)	(153,687)
Closing balance as of 31 December 2022	<u>(100,192)</u>	<u>(321,310)</u>	<u>(421,502)</u>
Carrying value as of 31 December 2022	<u>78,703</u>	<u>308,614</u>	<u>387,317</u>
	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2021	107,314	188,561	295,875
Additions	5,781	213,731	219,512
Variable lease payment adjustments	8,624	-	8,624
Closing balance as of 31 December 2021	<u>121,719</u>	<u>402,292</u>	<u>524,011</u>
Accumulated Depreciation			
Opening balance as of 1 January 2021	(39,918)	(115,186)	(155,104)
Charge for the period	(23,571)	(89,140)	(112,711)
Closing balance as of 31 December 2021	<u>(63,489)</u>	<u>(204,326)</u>	<u>(267,815)</u>
Carrying value as of 31 December 2021	<u>58,230</u>	<u>197,966</u>	<u>256,196</u>

Depreciation expense of TL 153,687 are accounted in general administrative expenses (31 December 2021: TL 112,711).



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NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost					
Opening balance as of 1 January 2022	841,537	17,819	327,280	602,259	1,788,895
Additions	185,216	1,953	213,167	40,873	441,209
Transfers from construction in progress (*)	-	-	-	(107,915)	(107,915)
Closing balance as of 31 December 2022	1,026,753	19,772	540,447	535,217	2,122,189
Accumulated Depreciation					
Opening balance as of 1 January 2022	(199,717)	(16,369)	(128,721)	-	(344,807)
Charge for the period	(78,033)	(2,366)	(62,978)	-	(143,377)
Closing balance as of 31 December 2022	(277,750)	(18,735)	(191,699)	-	(488,184)
Carrying value as of 31 December 2022	749,003	1,037	348,748	535,217	1,634,005

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

(*) Transfers from construction in progress amounting to TL (107,915) are transfers to financial assets related to concession agreements.

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

Depreciation expense of TL 138,629 and TL 4,748 are accounted in general administrative expenses and cost of sales, respectively (31 December 2021: general administrative expenses: TL 108,033 and cost of sales: TL 4,549).

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NOTE 13 - INTANGIBLE ASSETS

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Leasehold improvements	Other intangible assets	Total
Cost							
Opening balance as of 1 January 2022	4,390,673	1,650,121	2,730,031	226,937	4,973	49,588	9,052,323
Additions	-	-	-	142,850	-	324	143,174
Closing balance as of 31 December 2022	4,390,673	1,650,121	2,730,031	369,787	4,973	49,912	9,195,497
Accumulated Amortization							
Opening balance as of 1 January 2022	(1,459,911)	(491,361)	(752,904)	(116,509)	(2,928)	(3,275)	(2,826,888)
Charge for the period	(152,108)	(56,555)	-	(59,108)	(1,071)	(2,669)	(271,511)
Closing balance as of 31 December 2022	(1,612,019)	(547,916)	(752,904)	(175,617)	(3,999)	(5,944)	(3,098,399)
Carrying value as of 31 December 2022	2,778,654	1,102,205	1,977,127	194,170	974	43,968	6,097,098

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

Amortization expense of TL 270,113 and TL 1,398 are accounted in general administrative expenses and cost of sales, respectively (31 December 2021: general administrative expenses: TL 246,443 and cost of sales: TL 852).

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

On 31 March 2006 BAŞKENT EDAŞ and on 24 July 2006, AYEDAŞ and TOROSLAR EDAŞ signed TOR Agreements with TEDAŞ. In accordance with the TOR agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, and the other movables and immovable which are crucial for the operation of the distribution facilities to BAŞKENT EDAŞ until the end of 2036 and to AYEDAŞ and TOROSLAR EDAŞ until the end of 2042. Based on the future cash flows fair value of the TOR agreements are determined. The residual value of TOR after the portion recognized as financial asset which calculated based on TFRIC 12 (Note 10) is recognized as intangible asset based on TFRS 3.

The Group recognized TL 45,787 under other intangible assets, in connection with E-şarj purchase price amounting to TL 46,447 (31 December 2021: TL 45,787 of TL 46,447).

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



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NOTE 13 - INTANGIBLE ASSETS (Continued)

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

As of 31 December 2022, there is no impairment on goodwill (31 December 2021: None).

NOTE 14 - PROVISIONS

	31 December 2022	31 December 2021
Current Provisions		
Legal claims (*)	370,944	292,753
	<u>370,944</u>	<u>292,753</u>

(*) Legal claims are set for the probable cash outflows related to the legal disputes. As of 31 December 2022, the provision amount for the legal claims are determined according to the assessment made by the Group management, considering the probability of legal cases that will be finalized against the Group.

The Group is charging the theft and loss costs to the subscribers in accordance with the tariff determined by EMRA. There are legal cases filed by the subscribers to claim back the theft and loss amounts from the Group claiming that they are unfair. Some cases are finalized against the Group while some others in favor of the Group at local courts and consumer arbitration committees. In June of 2016, statement of "In applications filed in respect of the amounts determined by EMRA within the scope of income and tariff regulations, the authority of the consumer arbitration committees and the courts is limited to the control of compliance with the regulatory procedures of EMRA." has been added to article 17 of Law No. 6446. By this article, it has been determined that in the cases for the theft and loss amounts, the courts can only examine if the theft and loss amounts incurred in accordance with the regulations of the EMRA and it has been ruled that no judgement can be made whether the theft and loss amounts will be collected or not. As of reporting date, the total amount of ongoing cases against the Group is TL 559 (31 December 2021: TL 695).

Movements of provisions are as follows:

	Other provisions	Legal claims	Total
Opening balance as of 1 January 2022	-	292,753	292,753
Additional provisions recognized	-	119,585	119,585
Payments	-	(4,263)	(4,263)
Reversal of provisions	-	(37,131)	(37,131)
Closing balance as of 31 December 2022	-	<u>370,944</u>	<u>370,944</u>
	Other provisions	Legal claims	Total
Opening balance as of 1 January 2021	11,708	287,416	299,124
Additional provisions recognized	-	50,085	50,085
Reversal of provisions	(11,708)	(44,748)	(56,456)
Closing balance as of 31 December 2021	-	<u>292,753</u>	<u>292,753</u>

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NOTE 15 - COMMITMENT AND CONTINGENCIES

31 December 2022	TL Equivalent	TL	USD	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	4,959	4,959	-	-
- <i>Collateral</i>	<i>4,959</i>	<i>4,959</i>	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation (*)	5,832,959	4,648,032	62,261	1,041
- <i>Collateral</i>	<i>5,832,959</i>	<i>4,648,032</i>	<i>62,261</i>	<i>1,041</i>
Total	<u>5,837,918</u>	<u>4,652,991</u>	<u>62,261</u>	<u>1,041</u>
31 December 2021	TL Equivalent	TL	USD	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	7,747	7,747	-	-
- <i>Collateral</i>	<i>7,747</i>	<i>7,747</i>	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation (*)	3,165,843	2,808,310	26,337	430
- <i>Collateral</i>	<i>3,165,843</i>	<i>2,808,310</i>	<i>26,337</i>	<i>430</i>
Total	<u>3,173,590</u>	<u>2,816,057</u>	<u>26,337</u>	<u>430</u>

(*) Consists of collaterals, pledges and mortgages.

Mandatory investments

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

Energy Sales Agreements

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



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NOTE 16 - EMPLOYMENT BENEFITS

<u>Pavables Related to Employee benefits</u>	31 December 2022	31 December 2021
Social security premiums payable	143,497	35,761
Payable to personnel	93,845	46,051
	<u>237,342</u>	<u>81,812</u>
<u>Short-term Provisions Related to Employee Benefits</u>	31 December 2022	31 December 2021
Bonus provisions	135,386	76,968
	<u>135,386</u>	<u>76,968</u>
<u>Long-term Provisions Related to Employee Benefits</u>	31 December 2022	31 December 2021
Provisions for unused vacation	150,421	70,159
Provision for employment termination benefits	1,002,827	245,260
	<u>1,153,248</u>	<u>315,419</u>

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

	Bonus provisions	Unused vacation provision	Total
Opening balance as of 1 January 2022	76,968	70,159	147,127
Additional provisions recognized	122,379	80,262	202,641
Payments	(63,961)	-	(63,961)
Closing balance as of 31 December 2022	<u>135,386</u>	<u>150,421</u>	<u>285,807</u>
	Bonus provisions	Unused vacation provision	Total
Opening balance as of 1 January 2021	46,423	55,656	102,079
Additional provisions recognized	72,809	14,503	87,312
Payments	(42,264)	-	(42,264)
Closing balance as of 31 December 2021	<u>76,968</u>	<u>70,159</u>	<u>147,127</u>

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NOTE 16 - EMPLOYMENT BENEFITS (Continued)

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

The amount payable consists of one month's salary limited to a maximum of TL 15,371.40 (full digit) (31 December 2021: TL 8,284.51 (full digit)) for each period of service at 31 December 2022.

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 10.40% and a discount rate of 10.62%, resulting in a real discount rate of approximately 0.20% (31 December 2021: inflation rate of 15.00% and a discount rate of 19.45%, resulting in a real discount rate of approximately 3.87%) Ceiling amount of TL 19,982.83 (full digit) which is in effect since 1 January 2023 is used in the calculation of Groups' provision for retirement pay liability (1 January 2022: TL 10,848.59 (full digit)).

Group management has assessed that the severance payment provisions of electricity distribution companies within the Group can be taken with the revenue requirement according to the changed tariff structure at third tariff period and has accounted accrued income for the severance payment provisions calculated for those companies as of 31 December 2022 and 31 December 2021.

The movement for retirement pay provisions is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	245,260	168,523
Service cost	768,728	67,971
Interest cost	24,803	30,767
Retirement payments	(35,964)	(22,001)
Closing balance	<u>1,002,827</u>	<u>245,260</u>



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NOTE 17 - OTHER ASSETS AND LIABILITIES

17.1 Other Current Assets

	31 December 2022	31 December 2021
Deferred VAT	32,036	47,243
Other	36,025	5,311
	<u>68,061</u>	<u>52,554</u>

17.2 Other Non-current Assets

	31 December 2022	31 December 2021
Other	5,213	4,936
	<u>5,213</u>	<u>4,936</u>

17.3 Other Current Liabilities

	31 December 2022	31 December 2021
Taxes and funds payable	1,076,535	335,769
Other	960	8,886
	<u>1,077,495</u>	<u>344,655</u>

17.4 Other Non-Current Liabilities

	31 December 2022	31 December 2021
Other Non-Current Liabilities	1,726	2,716
	<u>1,726</u>	<u>2,716</u>

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NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

18.1 Share Capital

	31 December 2022		31 December 2021	
Shareholders	Share (%)	TL	Share (%)	TL
Hacı Ömer Sabancı Holding A.Ş.	40	472,427.6	40	472,427.6
DD Turkey Holdings S.A.R.L. (E.ON)	40	472,427.6	40	472,427.6
Other	20	236,213.8	20	236,213.8
	100	1,181,069	100	1,181,069
Share Premium (*)		1,775,976		1,954,164
Total share capital		<u>2,957,045</u>		<u>3,135,233</u>

(*) Share premium, refers to the amount of registered capital as a capital reserve in the statutory capital after the merger and separation processes according to the legislation. This amount is classified as share premium to comply with TFRS requirements.

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

Share premiums amounting to TL 178,188 has been transferred to retained earnings and subject to dividend distribution (31 December 2021: TL 462,248).

As at 31 December 2022, the capital of the Company comprising 118,106,897 thousand (31 December 2021: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2021: TL 0.01 each).

18.2 Earnings per share

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

	1 January - 31 December 2022	1 January - 31 December 2021
Profit for the period	14,498,093	2,282,368
Weighted average shares	118,106,896,712	118,106,896,712
Earnings per share (kr)	12.28	1.93



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NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

18.3 Restricted Profit Reserves

	31 December 2022	31 December 2021
Restricted Profit Reserves	696,708	394,232
	<u>696,708</u>	<u>394,232</u>

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

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NOTE 19 - REVENUE

	1 January - 31 December 2022	1 January - 31 December 2021
Revenue from electricity sales and services provided	77,929,527	29,839,512
<i>Retail sales revenue</i>	58,332,886	19,537,891
<i>Regulated revenue</i>	34,565,104	11,928,278
<i>Liberalised revenue</i>	23,767,782	7,609,613
<i>Retail service revenue</i>	1,009,623	599,147
<i>Distribution lighting sales revenue</i>	2,878,739	432,242
<i>Distribution service revenue</i>	9,182,134	4,933,451
<i>Investment revenue</i>	4,451,748	2,799,831
<i>Transmission revenue</i>	2,074,397	1,536,950
Financial income from service concession arrangements (Note 10, 28)	6,225,734	2,950,583
Other revenue	293,770	204,235
	<u>84,449,031</u>	<u>32,994,330</u>

NOTE 20 - COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Electricity purchases	(61,200,140)	(20,647,895)
<i>Retail energy purchases</i>	(57,476,177)	(19,081,133)
<i>Distribution related energy purchases (*)</i>	(3,723,963)	(1,566,762)
System usage fee (**)	(2,074,397)	(1,536,950)
Investment cost	(5,262,775)	(2,446,649)
Depreciation and amortization expenses (Note 12, 13)	(6,146)	(5,401)
Other	(77,392)	(75,608)
	<u>(68,620,850)</u>	<u>(24,712,503)</u>

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

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



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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
General administrative expenses (-)	(7,734,051)	(3,382,729)
	<u>(7,734,051)</u>	<u>(3,382,729)</u>

Details of general administrative expenses are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Payroll and employee benefit expenses	(3,818,300)	(1,596,214)
Repair and maintenance expenses	(708,715)	(247,381)
Material expenses	(605,708)	(222,532)
Depreciation and amortization expenses (Note 11, 12, 13)	(562,429)	(467,187)
Fleet management expenses	(479,005)	(169,775)
Legal and lawsuit provision expenses	(243,661)	(70,333)
Duties, taxes and levies	(235,350)	(74,376)
Rent expenses	(156,867)	(76,702)
Outsourcing expenses	(127,921)	(78,511)
Consulting expenses	(99,728)	(34,022)
Insurance expenses	(83,570)	(48,480)
Travel expenses	(49,317)	(13,312)
Other expenses	(563,480)	(283,904)
	<u>(7,734,051)</u>	<u>(3,382,729)</u>

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NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

22.1 Other Income From Operating Activities

	1 January - 31 December 2022	1 January - 31 December 2021
Income from operational hedge transactions - net	2,470,351	323,885
Interest income related to tariff receivables - net (Note 28) (*)	1,009,497	56,312
Late payment interest income from electricity receivables	451,542	213,924
Power theft penalties	316,411	135,249
Rent and advertisement income	23,382	20,000
Lawsuit income	1,947	8,778
Cancellation of impairment provision on financial assets (Note 10) (**)	851	-
Other income	209,943	73,823
	<u>4,483,924</u>	<u>831,971</u>

22.2 Other Expenses From Operating Activities

	1 January - 31 December 2022	1 January - 31 December 2021
Valuation differences arising from deposits and guarantees (Note 28)	(1,681,034)	(306,136)
Provision for doubtful receivables - net (Note 6)	(1,034,302)	(402,041)
Late payment interest expense	(803,985)	-
Foreign exchange losses from operating activities - net	(274,062)	(261,541)
Donations	(127,075)	(38,572)
Customer penalty expenses	(120,412)	(85,131)
Penalty expenses	(33,812)	(2,766)
Impairment provision on financial assets (Note 10) (**)	-	(2,216)
Other expenses	(155,365)	(118,075)
	<u>(4,230,047)</u>	<u>(1,216,478)</u>

(*) Interest income related to tariff receivables are the interest income for the receivables arising from the difference between revenue requirement and cash basis revenue recognition of the Group.

(**) As of 31 December 2022, the Group has been recorded reversal of impairment provision of TL 851 for its financial assets, which had been recorded as at 31 December 2021 in the amount of TL (3,096) in accordance with the amendments in TFRS 9 Financial Instruments Standard (31 December 2021: (2,216) TL additional provision).



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NOTE 23 - FINANCE INCOME AND EXPENSES

23.1 Finance Income

	1 January - 31 December 2022	1 January - 31 December 2021
Interest income	310,657	108,090
	<u>310,657</u>	<u>108,090</u>

23.2 Finance Expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Interest expenses of borrowings	(3,851,554)	(1,377,257)
Foreign exchange gains / (losses) - net	(242,929)	(62,761)
Bank commission expenses	(117,557)	(39,549)
	<u>(4,212,040)</u>	<u>(1,479,567)</u>

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NOTE 24 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Current assets related with current taxes		
Prepaid taxes and funds	442,940	187,648
	<u>442,940</u>	<u>187,648</u>

	31 December 2022	31 December 2021
Current tax liability		
Current corporate tax provision	2,105,142	989,969
Less: Prepaid taxes and funds	(203,352)	(896,814)
	<u>1,901,790</u>	<u>93,155</u>

	1 January - 31 December 2022	1 January - 31 December 2021
Tax expense recognized in profit or loss		
Current tax expense	(2,483,504)	(989,969)
Deferred tax income relating to the origination and reversal of temporary differences, net	12,534,973	129,223
Total tax income / (expense)	<u>10,051,469</u>	<u>(860,746)</u>

Corporate tax

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

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

Valid rate of corporate tax in 2022 is 23% (31 December 2021: 25%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20%. In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate will be applied to the profits related to their 2021 tax periods and as 23% corporate tax rate to the profits related to their 2022 tax periods. The amendment will be valid for the taxable corporate income starting from 1 January 2021, beginning with the advance Corporate Tax Declarations which must be declared as of 1 July 2021. The companies apply 23% tax rate over their quarterly profits (20% for the year 2023 and onwards) when calculating their temporary tax payables; which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th, and pay by the end of the 17th of the 2 months following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

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



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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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

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

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 10% (31 December 2021: 10%). Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred tax

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

In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate is determined for the profits related to their 2021 tax periods and as 23% corporate tax rate is determined for the profits related to their 2022 tax periods. Therefore, for deferred tax calculation as of 31 December 2022 20% tax rate is used for the current differences expected/expected to be incurred in 2023 and onwards.

	31 December 2022	31 December 2021
Deferred tax (asset)	(12,371,412)	(318,901)
Deferred tax liability	774,789	1,504,908
Deferred tax (asset) / liability, net	<u>(11,596,623)</u>	<u>1,186,007</u>

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

Movement of Deferred Tax Liabilities:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	1,186,007	1,004,953
Charged to statement of profit or loss	(12,534,973)	(129,223)
Charged to other comprehensive income / expense	(247,657)	310,277
Closing balance	<u>(11,596,623)</u>	<u>1,186,007</u>

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

	31 December 2022	31 December 2021
Deferred tax (assets) / liabilities		
Differences arising from customer contracts and transfer of operational rights	775,237	816,969
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	497,901	428,839
Revaluation effect of property, plant and equipment and intangible assets (*)	(10,835,353)	-
Carrying amount differences of right of use assets and lease liabilities	(22,869)	(12,661)
Provision for employment termination benefits	(22,851)	(4,649)
Provision for doubtful receivables	(34,735)	(29,760)
Provision for lawsuits	(73,134)	(59,538)
Provision for unused vacation	(29,497)	(15,484)
Effect of revenue cap adjustments	346,008	(239,751)
Carry forward tax losses	(444,387)	(403,375)
Income / (expense) accruals	(1,415,321)	478,456
Deposit revaluation	(396,674)	(131,541)
Derivative financial instruments	35,451	334,178
Other	23,601	24,324
	<u>(11,596,623)</u>	<u>1,186,007</u>
	1 January - 31 December 2022	1 January - 31 December 2021
Tax Reconciliation:		
Profit from operations before tax	4,446,624	3,143,114
	<u>23%</u>	<u>25%</u>
Tax at the domestic income tax rate of 23% (2021: 25%)	1,022,724	785,779
Tax effects of:		
- revenue that is exempt from taxation	(21,062)	(12,306)
- expenses that are not deductible in determining taxable profit	104,338	39,644
- revaluation effect of tangible and intangible assets (*)	(10,448,374)	-
- effect of deferred tax rate change	(700,436)	72,781
- other	(8,659)	(25,152)
Income tax (income) / expense recognised in profit or loss	<u>(10,051,469)</u>	<u>860,746</u>

(*) With Law No. 7338 published in the Official Gazette on 26 October 2021, some amendments have been made in tax procedure law as of 1 January 2022. With those amendments, the opportunity to revalue the properties and depreciable economic assets was introduced. These assets, which are covered by the provisional article 32 of the law, will be valued with the Producer Price Index ("PPI") rate and tax, calculated 2% of valuation difference, paid in 3 instalments (at two-month intervals).



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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

(*) The assets, which are covered by the reiterated article 298 of the law, will be revalued with the revaluation rate announced in the relevant year and no additional tax will paid for the valuation difference. For revalued assets, the valuation difference can be depreciated and written off as an expense. Within the scope of the law amendment, deferred tax asset has been recognised in the statement of financial position based on the revaluation records for fixed assets in the legal book, and the deferred tax income related to this asset has been recorded in the consolidated statement of profit or loss.

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

At 31 December 2022, the Group recognized deferred tax assets amounting to TL 444,387 for unused carry forward tax losses amounting to TL 2,221,936 since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilise such assets based on the forecasts made (31 December 2021: TL 403,375 and TL 2,016,874 respectively).

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

	31 December 2022	31 December 2021
Expiring in 2022	-	255
Expiring in 2023	-	184,835
Expiring in 2024	544,192	356,841
Expiring in 2025	513,967	513,306
Expiring in 2026	485,577	961,637
Expiring in 2027	678,200	-
	<u>2,221,936</u>	<u>2,016,874</u>

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

	31 December 2022	31 December 2021
Expiring in 2023	564,866	381,702
Expiring in 2024	-	186,989
	<u>564,866</u>	<u>568,691</u>

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NOTE 25 - FINANCIAL INSTRUMENTS

25.1 Financial Liabilities

	31 December 2022	31 December 2021
Short-term borrowings	8,181,288	1,040,267
Short-term portion of long term lease liabilities	180,143	114,711
Short-term portion of long term bonds issued	2,811,521	677,098
Short-term portion of long-term borrowings	<u>3,998,400</u>	<u>4,503,061</u>
	15,171,352	6,335,137
Long-term borrowings	1,609,908	2,721,771
Long-term lease liabilities	258,561	173,609
Long-term bonds issued	<u>2,055,192</u>	<u>1,485,703</u>
	3,923,661	4,381,083
Total financial liabilities	<u>19,095,013</u>	<u>10,716,220</u>

The borrowings and bonds issued are repayable as follows:

	31 December 2022	31 December 2021
To be paid within 1 year	14,991,209	6,220,426
To be paid between 1-2 years	2,656,227	3,745,104
To be paid between 2-3 years	320,352	371,526
To be paid between 3-4 years	229,507	90,844
To be paid between 4-5 years	229,507	-
To be paid between 5+ years	<u>229,507</u>	<u>-</u>
	<u>18,656,309</u>	<u>10,427,900</u>

As of 31 December 2022 and 31 December 2021, the Group has not given any collateral for the loans obtained.

As of 31 December 2022 and 31 December 2021, the movement of loans and bonds are as follows:

	Borrowings and Bonds issued
Opening balance as of 1 January 2022	10,427,900
Additions	36,711,811
Payments	(28,671,926)
Change in interest accruals	222,655
Foreign exchange movements	(34,131)
Closing balance as of 31 December 2022	<u>18,656,309</u>
	Borrowings and Bonds issued
Opening balance as of 1 January 2021	9,599,028
Additions	16,479,807
Payments	(15,562,845)
Change in interest accruals	(174,658)
Foreign exchange movements	86,568
Closing balance as of 31 December 2021	<u>10,427,900</u>



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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.1 Financial Liabilities (Continued)

As of 31 December 2022 and 31 December 2021, details of short and long term financial borrowings in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	31 December 2022	
		Current	Non-current
TL		12,179,688	1,609,908
Overnight	18.00%	268,000	-
Fixed rate	21.87%	10,393,261	-
TLREF indexed	TLREF + 1.70%-23.00%	1,518,427	1,609,908
		<u>12,179,688</u>	<u>1,609,908</u>

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

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

As of 31 December 2022 and 31 December 2021, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	31 December 2022	
		Current	Non-current
TL		2,811,521	2,055,192
Fixed rate	32%	953,906	-
CPI indexed	CPI + 5.0%	536,680	-
TLREF indexed	TLREF + 1.40% -16%	1,320,935	2,055,192
		<u>2,811,521</u>	<u>2,055,192</u>
Currency	Weighted average effective interest rate (*)	31 December 2021	
		Current	Non-current
TL		677,098	1,485,703
CPI indexed	CPI + 4.8%-5.0%	647,044	285,703
TLREF indexed	TLREF + 1.40%	30,054	1,200,000
		<u>677,098</u>	<u>1,485,703</u>

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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.1 Financial Liabilities (Continued)

As of 31 December 2022, the principal valuation of bonds is TL 367,836 (31 December 2021: TL 418,430).

The fair values of the financial liabilities with fixed interests are presented by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates. Fair values of the borrowings are lower than their carrying amounts amounting to TL 6,967 as of 31 December 2022 (31 December 2021: TL 11,462 higher).

As of 31 December 2022, Group has fulfilled its financial debt covenants arising from its borrowings.

As of 31 December 2022 and 31 December 2021, details of lease liabilities are as follows:

	31 December 2022	31 December 2021
Short-term portion of long term lease liabilities		
Buildings	33,798	26,061
Vehicles	146,345	88,650
	<u>180,143</u>	<u>114,711</u>
Long-term lease liabilities		
Buildings	59,698	43,416
Vehicles	198,863	130,193
	<u>258,561</u>	<u>173,609</u>

The lease liabilities are repayable as follows:

	31 December 2022	31 December 2021
To be paid within 1 year	180,143	114,711
To be paid between 1-2 years	155,361	103,789
To be paid between 2-3 years	82,896	62,328
To be paid between 3-4 years	8,785	6,970
To be paid between 4-5 years	5,996	429
To be paid after 5 years and over	5,523	93
	<u>438,704</u>	<u>288,320</u>



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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.1 Financial Liabilities (Continued)

As of 31 December 2022 and 31 December 2021, the movement of lease liabilities is as follows:

	Buildings	Vehicles	Total
Opening balance as of 1 January 2022	69,477	218,843	288,320
Additions	37,784	227,398	265,182
Interest expense	16,558	57,951	74,509
Changes for leasing conditions	-	683	683
Variable lease payment adjustments	19,392	-	19,392
Payments	(49,715)	(158,818)	(208,533)
Foreign exchange movements	-	(849)	(849)
Closing balance as of 31 December 2022	<u>93,496</u>	<u>345,208</u>	<u>438,704</u>
	Buildings	Vehicles	Total
Opening balance as of 1 January 2021	76,413	86,859	163,272
Additions	6,522	212,990	219,512
Interest expense	13,128	32,332	45,460
Variable lease payment adjustments	8,624	-	8,624
Payments	(35,210)	(113,434)	(148,644)
Foreign exchange movements	-	96	96
Closing balance as of 31 December 2021	<u>69,477</u>	<u>218,843</u>	<u>288,320</u>

25.2 Other Financial Liabilities

	31 December 2022	31 December 2021
Other current financial liabilities	82,688	118,387
Other non-current financial liabilities	509,087	457,604
	<u>591,775</u>	<u>575,991</u>

The other financial liabilities are repayable as follows:

	31 December 2022	31 December 2021
To be paid within 1 year	82,688	118,387
To be paid between 1-2 years	79,450	63,405
To be paid between 2-3 years	79,594	60,058
To be paid between 3-4 years	91,180	68,799
To be paid between 4-5 years	94,022	71,807
To be paid after 5 years and over	164,841	193,535
	<u>591,775</u>	<u>575,991</u>

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NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

25.2 Other Financial Liabilities (Continued)

As of 31 December 2022 and 31 December 2021, details of short and long term other financial liabilities in terms of currencies are as follows:

Currency	Weighted average effective interest rate	31 December 2022	
		Current	Non-current
EUR	4.70%	82,688	509,087
		<u>82,688</u>	<u>509,087</u>
Currency	Weighted average effective interest rate	31 December 2021	
		Current	Non-current
EUR	4.70%	118,387	457,604
		<u>118,387</u>	<u>457,604</u>

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

As of 31 December 2022 and 31 December 2021, the movement of other financial liabilities is as follows:

	Other Financial Liabilities
Opening balance as of 1 January 2022	575,991
Additions	34,891
Foreign exchange movements	(19,107)
Closing balance as of 31 December 2022	<u>591,775</u>

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

Net debt position of the Group as of 31 December 2022 and 31 December 2021 are disclosed in Note 27.1.



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NOTE 26 - DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases, unit price investments and foreign currency denominated other financial liabilities. Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loan, the Group entered foreign currency swap transaction. The details and fair values of the agreements as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	
				Assets
				Liabilities
Forward exchanges	224,194	51,115	5,211,014	246,250
	224,194	51,115	5,211,014	(102,960)
31 December 2021				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	
				Assets
				Liabilities
Forward exchanges	389,557	36,808	5,747,717	1,543,676
Foreign exchange swap	-	14,300	215,741	66,840
	389,557	51,108	5,963,458	(46,136)

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NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

27.1 Capital risk management

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

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

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

	31 December 2022	31 December 2021
Total borrowings (Note 25)	19,686,788	11,292,211
Less: cash and cash equivalents (Note 28)	(8,370,987)	(411,992)
Less: derivative instruments (Note 26)	(143,290)	(1,564,380)
Net debt	11,172,511	9,315,839
Total equity	21,572,246	9,351,022
Total capital	32,744,757	18,666,861
Net debt / Total capital ratio (%)	34	50

27.2 Financial risk factors

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

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

27.2.1 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risks mainly arise from trade receivables. The Group manages this risk by the guarantees received from customers. Trade receivables, are evaluated based on the Group's policies and procedures and as a result presented net of doubtful provision in the consolidated financial statements. In accordance with the requirements of TFRS 9 introducing a new impairment model based on expected credit losses, the Group has modified impairment calculation method for trade receivables. The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables excluding distribution segment on each customer basis and including non-overdue receivables.

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



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

27.2 Financial risk factors (Continued)

27.2.1 Credit risk management (Continued)

Credit risk exposure based on financial instrument categories

	Receivables					Derivatives
	Trade receivables		Other receivables		Financial assets excluding cash	
	Related party	Other	Current	Non-current		
31 December 2022						
Maximum net credit risk as of the balance sheet date (*)						246,250
The part of maximum risk under guarantee						-
A. Net book value of financial assets that are neither past due nor impaired (**)	60,964	5,735,644	1,862,308	4,776,922	8,370,987	-
B. Net book value of financial assets that are due but not impaired (**)	60,964	2,785,070	1,862,308	4,776,922	8,370,987	246,250
C. Net book value of impaired assets	-	2,950,574	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	3,980,354	3,123	-	-	-
- Not due (gross book value)	-	(3,980,354)	(3,123)	-	-	-
- Impairment (-)	-	194,483	-	-	-	-
D. Credit risk factors off balance sheet	-	(194,483)	-	-	-	-

Maturity of Expected Credit Loss

31 December 2022	Not due	Overdue Up to 1 months	Overdue 1-3 months	Overdue more than 3 months	Total
Balance at period end	1,210,492	1,292,443	508,400	1,076,990	4,088,325
Credit loss rate (%)	7%	5%	16%	70%	24%
Expected credit losses	(86,011)	(68,998)	(78,912)	(749,011)	(982,932)

(*) The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.
(**)Amounts excluding the distribution segment are subject to impairment within the scope of TFRS 9. The maturity of expected credit losses is given in the table above. Unlawful and illegal usage receivables amounting to TL 320,795 and general lighting receivables amounting to TL 1,461,953, which are not insured within the amount related to the distribution segment are guaranteed by the Ministry of Energy, Ministry of Finance and Iller Bank in line with the Electricity Market Law, Electricity Market Tariff Regulation and other relevant regulatory arrangements.

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

27.2 Financial risk factors (Continued)

27.2.1 Credit risk management (Continued)

Credit risk exposure based on financial instrument categories (Continued)

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

Maturity of Expected Credit Loss

31 December 2021	Not due	Overdue Up to 1 months	Overdue 1-3 months	Overdue more than 3 months	Total
Balance at period end	3,240,213	438,133	165,845	889,191	4,733,382
Credit loss rate (%)	2%	7%	31%	81%	18%
Expected credit losses	(66,957)	(30,980)	(51,961)	(721,862)	(871,760)

(*) The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.
(**)Amounts excluding the distribution segment are subject to impairment within the scope of TFRS 9. The maturity of expected credit losses is given in the table above. Unlawful and illegal usage receivables amounting to TL 165,229 and general lighting receivables amounting to TL 304,697, which are not insured within the amount related to the distribution segment are guaranteed by the Ministry of Energy, Ministry of Finance and Iller Bank in line with the Electricity Market Law, Electricity Market Tariff Regulation and other relevant regulatory arrangements.



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

27.2 Financial risk factors (Continued)

27.2.2 Liquidity risk management

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

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

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022							
<u>Maturity analysis of non-derivative financial liabilities</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract</u>	<u>Payable on demand (I)</u>	<u>Less than 3 months (II)</u>	<u>3-12 months (III)</u>	<u>1-5 years (IV)</u>	<u>More than 5 years (V)</u>
		<u>(I+II+III+IV)</u>					
Non-derivative financial liabilities							
Financial liabilities	19,095,013	27,499,179	-	8,648,634	10,411,752	8,037,042	401,751
Trade payables	6,772,301	6,772,301	-	6,772,301	-	-	-
Other payables	5,369,044	5,369,044	4,834,531	534,513	-	-	-
Other financial liabilities	591,775	591,775	-	17,908	64,780	344,246	164,841
Total liabilities	<u>31,828,133</u>	<u>40,232,299</u>	<u>4,834,531</u>	<u>15,973,356</u>	<u>10,476,532</u>	<u>8,381,288</u>	<u>566,592</u>
31 December 2021							
<u>Maturity analysis of non-derivative financial liabilities</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract</u>	<u>Payable on demand (I)</u>	<u>Less than 3 months (II)</u>	<u>3-12 months (III)</u>	<u>1-5 years (IV)</u>	<u>More than 5 years (V)</u>
		<u>(I+II+III+IV)</u>					
Non-derivative financial liabilities							
Financial liabilities	10,716,220	15,254,722	-	4,056,426	4,284,329	6,913,528	439
Trade payables	3,981,140	3,981,140	-	3,981,140	-	-	-
Other payables	2,888,202	2,888,202	2,439,314	448,888	-	-	-
Other financial liabilities	575,991	575,991	-	41,794	76,593	264,069	193,535
Total liabilities	<u>18,161,553</u>	<u>22,700,055</u>	<u>2,439,314</u>	<u>8,528,248</u>	<u>4,360,922</u>	<u>7,177,597</u>	<u>193,974</u>

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

27.2 Financial risk factors (Continued)

27.2.3 Market risk management

27.2.3.1 Foreign currency risk management

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

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

	31 December 2022		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	321,748	289,992	31,756
Trade receivables	12,464	6,862	5,602
Total assets	<u>334,212</u>	<u>296,854</u>	<u>37,358</u>
Other financial liabilities	(591,775)	-	(591,775)
Trade payables	(2,009,186)	(1,803,367)	(205,819)
Other payables	(16,535)	-	(16,535)
Total liabilities	<u>(2,617,496)</u>	<u>(1,803,367)</u>	<u>(814,129)</u>
Net foreign currency asset position of off-balance sheet derivative	1,215,580	444,384	771,196
Net foreign currency asset / (liability) position	<u>(1,067,704)</u>	<u>(1,062,129)</u>	<u>(5,575)</u>
Cash flow hedging (**)	3,995,434	3,747,663	247,771
Net foreign currency position after cash flow hedging	<u>2,927,730</u>	<u>2,685,534</u>	<u>242,196</u>

(*) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, unit price investments and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost, unit price investments and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 3,995,434 is included at cash flow hedging in the foreign currency position table.



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

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.1 Foreign currency risk management (Continued)

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

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

(**) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 4,779,286 is included at cash flow hedging in the foreign currency position table.

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

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

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

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.1 Foreign currency risk management (Continued)

	1 January - 31 December 2022			
	Profit / Loss Appreciation of foreign currency	Depreciation of foreign currency	Other Comprehensive Income and Expense Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets / liabilities	(150,651)	150,651	-	-
Hedged items (-)	44,438	(44,438)	374,766	(374,766)
USD net effect	(106,213)	106,213	374,766	(374,766)
Change in EUR against TL by 10%				
EUR net assets / liabilities	(77,677)	77,677	-	-
Hedged items (-)	77,120	(77,120)	24,777	(24,777)
EUR net effect	(557)	557	24,777	(24,777)

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



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

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.2 Interest rate risk management

As of 31 December 2022 and 31 December 2021, the Group has no floating interest rate risk although the Group has CPI indexed bond obligation since the revenues under the concession agreement are also indexed to CPI.

As of 31 December 2022, the Group has TLREF indexed loans and bond with floating interest rate risk. Interest rate risk arising from those loans are managed through perpetually monitoring and analyzing market interest rates and carrying out sensitivity analysis for interest rate changes in order to monitor possible cost changes within the scope of risk management activities.

Fair value of financial instruments

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

Categories of financial instruments and fair values

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

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

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

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

The fair values of the financial liabilities with fixed interests are presented by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates. Fair values of the borrowings are lower than their carrying amounts amounting to TL 6,967 as of 31 December 2022 (31 December 2021: TL 11,462 higher).

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

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

27.2 Financial risk factors (Continued)

27.2.3 Market risk management (Continued)

27.2.3.2 Interest rate risk management (Continued)

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

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

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

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

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

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

Financial assets / (Financial liabilities)	Fair value / revalued amount		Fair value hierarchy
	31 December 2022	31 December 2021	
Derivative financial instruments	143,290	1,564,380	Level 2



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NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	31 December 2022	31 December 2021
Cash at banks	8,370,987	411,992
<i>Demand deposits</i>	<i>487,614</i>	<i>193,317</i>
<i>Time deposits</i>	<i>7,883,373</i>	<i>218,675</i>
	<u>8,370,987</u>	<u>411,992</u>

As at 31 December 2022, TL 440,385 of the Group's demand deposits are blocked at different banks (31 December 2021: TL 122,917). These blocked deposits are related to the collections made through bank branches which are made available for use by banks 1 or 2 days after the collection depending on the agreements with related banks.

As at 31 December 2022 time deposits consist of short term TL 7,610,376 and USD 14,600 balances (31 December 2021: TL 69,390 and USD 11,200) with maturities between 2 - 90 days (31 December 2021: 3 - 5 days). The weighted average effective interest rates of TL and USD time deposits are 24.13% and 1.30% respectively as at 31 December 2022 (31 December 2021: weighted average effective interest rate 20.94% and 0.60% respectively).

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

	1 January - 31 December 2022	1 January - 31 December 2021
Adjustments related to interest (income) / expense from tariff receivables (Note 22)	(1,009,497)	(56,312)
Adjustments related to financial income from service concession arrangements (Note 10, 19)	(6,225,734)	(2,950,583)
Adjustments related to revaluation differences arising from deposits (Note 22)	<u>1,681,034</u>	<u>306,136</u>
	<u>(5,554,197)</u>	<u>(2,700,759)</u>

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

	1 January - 31 December 2022	1 January - 31 December 2021
Net collections from financial assets related to service concession arrangements	8,399,399	4,364,519
<i>Capital expenditures reimbursements (Note 10)</i>	<i>4,663,403</i>	<i>2,555,978</i>
<i>WACC reimbursements (Note 10)</i>	<i>3,735,996</i>	<i>1,808,541</i>
Collections from doubtful trade receivable (Note 6)	<u>217,172</u>	<u>165,828</u>
	<u>8,616,571</u>	<u>4,530,347</u>

Enerjisa Enerji A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

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

	1 January - 31 December 2022	1 January - 31 December 2021
Capital expenditures related to service concession arrangements	(5,313,144)	(2,749,691)
	<u>(5,313,144)</u>	<u>(2,749,691)</u>

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

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

	1 January - 31 December 2022	1 January - 31 December 2021
Audit services	2,347	1,220
Other assurance services	51	72
	<u>2,398</u>	<u>1,292</u>

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

NOTE 30 - EVENTS AFTER THE REPORTING DATE

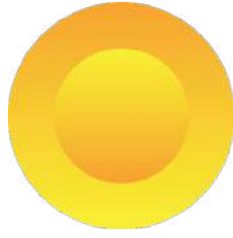
- The Group has made bond issuance on 27 January 2023, amounting to TL 2,500,000,000 (full digit), with 397 days term, fixed interest with 32.5% rate, redemption date of 28 February 2024, and with TRSENSA22414 ISIN code.
- Applicable from 1 January 2023, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 13% - 56% and distribution tariff to be applied to all customer groups has been increased by 132%. The final tariff reflected to the end user for the industrial customer group has been decreased 16% and there has been no change for the other group.
- Due to the adverse events caused by the earthquakes that took place in Kahramanmaraş on 6 February 2023, affecting many of the provinces and affecting the whole country, in accordance with the Official Gazette No. 32098 dated Wednesday, 8 February 2023, a state of emergency has been declared for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. 5 cities of the Toroslar region, in which Group operates, are also affected from the recent earthquakes occurred on February 6th. The Group's business operations and assets are supported by the regulation and insurance mechanisms. The developments regarding the natural disaster in question are being closely monitored and assessments are ongoing. The Group has prepared its financial statements in accordance with the going concern assumption. There is no material uncertainty regarding events or conditions that could seriously affect the Group's ability to continue its operations. Group management has evaluated this situation as a non-adjusting subsequent event that does not require adjustment in its consolidated financial statements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 (IFRS)

On 23 February 2023, we have published 2022 year-end financials prepared in accordance with IFRS due to inflationary environment in Turkey in order to inform our shareholders and investors in a holistic manner. IFRS financials are published on both Public Disclosure Platform and our corporate web site. Please scan QR code to view IFRS financials.





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