



ENERJİSA
Türkiye'nin Enerjisi
Energy of Turkey

ENERJİSA ENERJİ ANONİM ŞİRKETİ

**ACTIVITY REPORT
FOR THE PERIOD OF
01.01.2023 – 31.12.2023**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Enerjisa Enerji A.Ş.

1. Opinion

We have audited the annual report of Enerjisa Enerji A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analyses made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report 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 and the regulations of the Capital Markets Board and other relevant legislation 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. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;



- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

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

Çağlar Sürücü, SMMM
Independent Auditor

Istanbul, 8 March 2024

Chairman's Message

Dear Stakeholders,

The most important event that made the past year unforgettable for us was the February 2023 earthquake disaster that deeply affected our company and country. From the very beginning, together with all of our employees, contractors and stakeholders, we made an extraordinary effort in search and rescue, followed by the healing of the wounds left by the earthquake. I extend my condolences to all our citizens who lost their lives during the earthquake, including our 16 valuable colleagues. It is our company's priority to fulfil all our responsibilities in the field of electricity infrastructure for the region to rise again, and we aim to complete these tasks quickly.

As we present our annual report for this year, I would like to provide deep insights into both the rapidly changing dynamics in our industry and how our company has adapted to these changes and played a critical role in the ongoing energy transformation. This report is not only a review of the past year, but it is also a reflection of our commitments and goals for the future as we continue to progress on the path of sustainability, innovation and excellence. We are proud to share that we are shaping not only the present but also the future of our company with you and our valuable stakeholders and that this future will contribute to the sustainable future of our world.

The ongoing global climate crisis and energy transformation present both challenges and opportunities under the influence of geopolitical developments. These developments necessitate a deep understanding of energy balances because they also affect market dynamics.

The Russia-Ukraine war led to the severance of Europe's relations with its main natural gas supplier. This situation has caused unexpected increases in energy prices in the past two years, including in Türkiye. This led to acceleration in the renewable energy sector, growth in liquefied natural gas trade and the hastening of alternative new investments and technologies. Following the COVID-19 pandemic, with its economy reviving, China has re-emerged as both a significant raw material consumer and key player in the field of renewable energy and technology. China's transition to renewable sources in electricity production and steps in the field of e-mobility are considered important milestones in the global energy transformation. Amid all these developments in the energy markets, the world continues its struggle to achieve the goals set under COP28, which include tripling renewable energy installed capacity and doubling energy efficiency globally by 2030.

When we look at Türkiye, we see that we are among the top 20 countries in terms of total energy consumption worldwide. We are one of the world's largest energy consumers. Despite our high energy demand, a significant portion of our needs are still met from sources outside the country. We can say that the recently discovered domestic natural gas and oil reserves, developments in our energy markets, steps taken and investments made in renewable energy and our grids have the potential to reduce our country's dependence on external energy sources in the medium term and to increase energy security.

Alongside these advancements, it is well-known that Türkiye has areas open for development. A significant point of development in Türkiye's energy markets is the incomplete functioning of market mechanisms based on real costs. The integration of these mechanisms in our sector is crucial to supporting investments, making consumers understand the real value of energy and accelerating our transition to more value-added industries. Although energy crises have led many countries to take measures to protect consumers, the fact that long-term and sustainable success in the energy sector depends on free market conditions has been a long-accepted reality by academic circles and industry experts.

In light of these developments, we believe that the electricity distribution and retail sectors play a leading and key role in the integration of renewable energy sources, which are an important part of the energy transition, as well as in electrification and energy efficiency. As Enerjisa Enerji, with the activities we carry out within our companies, we make significant contributions to Türkiye's energy transformation and subsequently to achieving energy independence. In 2023, a year in which we set investment records in our distribution networks, we also demonstrated successful growth in renewable energy investments and energy efficiency projects offered to our customers under the "Energy of my Business" initiative. In the field of e-mobility, we continue to maintain and enhance our leading position in the sector with Eşarj by offering high-speed charging services.

Successfully completing our crucial work for the sustainable future of our country and the world, we can attribute our significant impact to two key strengths. The first is our effective and competent human resources, which are well above the sector averages. Enerjisa Enerji has once again fulfilled its exemplary company mission with over 11,000 family members. The second is our digital and technological competencies, which increase our efficiency and speed in all our operational activities. Digital transformation has always been at the forefront of the working principles of Enerjisa Enerji from day one, and we believe we will continue to develop exemplary applications for the world in the future.

In 2024, we will continue to increase our investments and service quality. With our solutions in electricity distribution, retail, e-mobility and under the "Energy of my Business" initiative, we will be at the forefront as flag bearers of the energy transformation.

Last year, the Enerjisa Enerji Board of Directors fulfilled its duties and responsibilities within the scope of the relevant legislation and procedures. During the Board meetings in the 2023 fiscal year, financial and operational performance was reviewed, and necessary recommendations were shared with senior management. Agenda items communicated by the company management throughout the process were also meticulously discussed and resolved. The Board committees met regularly to review the work carried out in corporate governance, sustainability, risk, financing and human resources. Recommendations from these committees were shared with the Board of Directors and taken into consideration by us.

As the Board of Directors, we congratulate the Enerjisa Enerji senior management, all committees, our employees and suppliers for their success in 2023. We also thank our customers and investors for the trust they have placed in us.

Kıvanç Zaimler

Enerjisa Enerji Chairman

1- GENERAL INFORMATION

- a) Accounting period that the report relates to : 01.01.2023 – 31.12.2023
- b) Trade-name of the Company : ENERJİSA ENERJİ ANONİM ŞİRKETİ
- Trade registration number : 800865-0
- 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			
	31.12.2022		31.12.2023	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	472,427,587.56	40.0	472,427,587.56	40.0
DD Turkey Holdings S.A.R.L. ¹	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

⁽¹⁾ As of 27 April 2023, Enerjisa Enerji shares, which were previously held by DD Turkey Holdings S.A.R.L., are transferred to E.ON International Participations N.V, another E.ON group company,

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 (also including 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
Yeşim Özlale Önen	Member	15.03.2023	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 2022 Ordinary General Assembly meeting held on March 29, 2023; it was decided by majority of the votes to approve the appointment of Nusret Orhun Köstem in lieu of Cenk Alper, the appointment of Guntram Würzburg, in lieu of Eva-Maria Verena Volpert, the appointment of Kamuran Uçar in lieu of Mehmet Sami and the appointment of Yeşim Özlale Önen in lieu of Hakan Timur, to serve until 30 March 2024, who resigned from the Board of Directors.

As of December 31, 2023, the organization of senior management is as below:

- Murat Pınar, CEO
- Dr. Philipp Ralph Ulbrich, CFO

Note: Dr. Philipp Ralph Ulbrich has been appointed as Chief Financial Officer (CFO) of Enerjisa Enerji, effective from 1st of June, 2023.

The Group has 11,583 employees as of 31.12.2023.

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 01.01.2023 – 31.12.2023, the members of the Board of Directors neither executed any transaction with the Company, nor have 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, Senior Management, Heads of Units and Directors. The compensation paid or payable to key management for employee services is shown below in thousands of Turkish Lira:

	1 January - 31 December 2023	1 January - 31 December 2022
Short-term key management benefits	264,705	144,850
Long-term key management benefits	7,897	2,795
	<u>272,602</u>	<u>147,645</u>

3- RESEARCH AND DEVELOPMENT ACTIVITIES

During the period of 01.01.2023- 31.12.2023, TL 29,171,346,22 TL 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:

Kahramanmaraş Earthquake

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. 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.

According to “A Law on the Establishment of an Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes Occurred” published in the Official Gazette on July 15, 2023, The Corporate Tax Rate Law increased from 20% to 25%. The new rate is effective as of the July 2023 payment period. Regarding this issue, financial statements are updated.

Bond Issuance

Enerjisa Enerji has issued a TL bond on 02.10.2023, amounting to TL 2,600,000,000 (full digit), with 737 days maturity, fixed interest with 49,5% rate, redemption date of 08.10.2025, and with TRSENSAE2510 code.

Enerjisa Enerji has issued a TL bond on 25.10.2023, amounting to 2,000,000,000 TL (full digit), with 450 days term, fixed interest rate of 48.0%, redemption date of 17.01.2025, and with TRSENSA12514 ISIN code.

E-Şarj Share Purchase

Grup’s subsidiary Enerjisa Müşteri Çözümleri A.Ş. has acquired remaining 6% of the shares of E-Şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. corresponding to 410,760 shares based on Board of Directors decision dated 27 July 2023. Following the mentioned transaction, EMÇ has become 100% shareholder of E-Şarj.

Fitch Ratings Credit Rating

International credit rating agency Fitch Ratings has downgraded Enerjisa Enerji A.S.'s National Long-Term Credit Rating from AA+(tur) to AA(tur) with a negative outlook. Enclosed is the credit rating report.

National Tariffs

According to the national tariff announced by EMRA and effective as of October 1, 2023, single-time and low-voltage retail sales tariffs for residential customers remained unchanged, while other customer groups were increased by 25% to 32%. While the distribution tariff remained the same, the final tariff groups reflected to the end-user remained unchanged for residential customers and increased by 20% for all other groups.

Major Legislative Changes in the Distribution Business Segment:

Eligible Consumer Limit: With the Energy Market Regulatory Board decision dated 29.12.2022 and numbered 11496 published in the Official Gazette dated December 30, 2022 and numbered 32059, it was decided to apply the eligible consumer limit as 1000 kWh for 2023 (The eligible consumer limit was set as 1100 kWh in 2022).

Amendments of The Procedures and Principles Regarding the Determination of Maximum and Minimum Price Limits in the Day-Ahead Market and the Balancing Power Market in 2023:

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 2023, the minimum and maximum price limits to be applied are summarized in the table below:

Minimum and Maximum Price Limits Applicable After the Amendments to the Provisional Article 1	
EMRA Board Decision No. 11588 dated 26.01.2023 (published in the Official Gazette No. 32086 dated 27.01.2023)	EMRA Board Decision No. 11682 dated 28.02.2023 (published in the Official Gazette No. 32119 dated 01.03.2023)
As of 01.02.2023	As of 28.02.2023
Minimum; 0 TL/MWh, Maximum; 3.650 TL/MWh	Minimum; 0 TL/MWh, Maximum; 3.050 TL/MWh

Minimum and Maximum Price Limits Applicable After the Amendments to the Provisional Article 1	
EMRA Board Decision No. 11772 dated 30.03.2023 (Published in the Official Gazette No. 32149 dated 31.03.2023)	EMRA Board Decision No. 11933 dated 03.07.2023 (Published in the Official Gazette No. 32258 dated 04.07.2023)
As of 01.04.2023	As of 04.07.2023
Minimum; 0 TL/MWh, Maximum; 2.600 TL/MWh	Minimum; 0 TL/MWh, Maximum; 2.700 TL/MWh

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 pursuant to the Article 17 of Electricity Market Law No. 6446 is as follows:

Technical and Non-Technical Lost Energy Sales to Distribution Companies (kr/kWh)	
EMRA Board Decision No. 11513 dated 29.12.2022 (Published in the Official Gazette No. 32059 dated 30.12.2022)	EMRA Board Decision No. 11775 dated 30.03.2023 (Published in the Official Gazette No. 32149 dated 31.03.2023)
As of 01.01.2023	As of 01.04.2023
50,0000 kr/kWh	50,0000 kr/kWh

EMRA Board Decision No. 11929 dated 22.06.2023 (Published in the Official Gazette No. 32231 dated 24.06.2023)	EMRA Board Decision No. 12031 dated 17.08.2023 (Published in the Official Gazette No. 32283 dated 18.08.2023)
As of 01.07.2023	As of 18.08.2023
100,0000 kr/kWh	100,0000 kr/kWh

Sales to Distribution Companies within the Scope of General Lighting (kr/kWh)	
EMRA Board Decision No. 11513 dated 29.12.2022 (published in the Official Gazette No. 32059 dated 30.12.2022)	EMRA Board Decision No. 11775 dated 30.03.2023 (published in the Official Gazette No. 32149 dated 31.03.2023)
As of 01.01.2023	As of 01.04.2023
380,0000 kr/kWh	380,0000 kr/kWh
EMRA Board Decision No. 11929 dated 22.06.2023 (Published in the Official Gazette No. 32231 dated 24.06.2023)	EMRA Board Decision No. 12031 dated 17.08.2023 (Published in the Official Gazette No. 32283 dated 18.08.2023)
As of 01.07.2023	As of 18.08.2023
380,0000 kr/kWh	380,0000 kr/kWh

Electricity Tariffs: With the Final Tariff Table determined by the Energy Market Regulatory Board with the board decisions published quarterly by the Energy Market Regulatory Board, the general lighting unit cost tariffs applied in 2023 for consumers receiving energy (low voltage - single term) by the authorized supply companies are as follows:

General Lighting Unit Cost (kr/kWh)			
EMRA Board Decision dated 29.12.2022 and numbered 11537 (Published in the 2nd Repeated Official Gazette dated 30.12.2022 and numbered 32059)	EMRA Board Decision dated 30.03.2023 and numbered 11776 (Published in the Official Gazette dated 31.03.2023 and numbered 32149)	EMRA Board Decision dated 22.06.2023 and numbered 11930 (published in the Official Gazette dated 24.06.2023 and 32231)	EMRA Board Decision dated 28.09.2023 and numbered 12108 (Published in the Official Gazette dated 30.09.2023 and 32325)
As of 01.01.2023	As of 01.04.2023	As of 01.07.2023	As of 01.10.2023
465,3196	465,3196	473,1539	473,1539

Regulations Regarding the Advance Payment Notifications Stated in Article 132/Ç of the Electricity Market Balancing and Settlement Regulation:

Regulations concerning Advance Payment Notifications, as outlined in Article 132/Ç of the Electricity Market Balancing and Settlement Regulation, were established through the following Board Decisions: No. 11629 dated 09.02.2023, No. 11827 dated 04.05.2023, No. 11846 dated 11.05.2023, No. 11846 dated 11.05.2023, and No. 11928 dated 22.06.2023. These decisions addressed payment dates and interest applications for amounts outlined in advance payment notifications stipulated in Article 132/Ç of the DUY, necessitated by the earthquake on February 6, 2023. Subsequently, the regulations outlined in prior Board Decisions were abolished. Instead, regulations introduced by Board Decision No. 12095, dated 28.09.2023, and effective until December 31, 2023, are detailed below.

Akedaş Elektrik Dağıtım A.Ş., Dicle Elektrik Dağıtım A.Ş., Fırat Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş. and the incumbent supply companies operating in the said distribution regions;

- Non-eligible consumers, eligible consumers who have not chosen their suppliers, eligible consumers who have previously selected their supplier and who receive energy from the 15 authorized supply company again, eligible and non-eligible consumers who want to supply energy over the tariffs determined for the purpose of supporting renewable energy resources within the scope of the fourth paragraph of Article 17 of the Law,
- Supply companies in which Organised Industrial Zones are direct or indirect shareholders

Which are obliged to pay the amounts included in the daily advance payment notifications sent to the market participants by the Market Operator regarding the day-ahead market will be postponed until the invoice due date for the relevant invoice period. It has been decided that default interest will be applied to the market operator and market participant during the period during which advance payments are postponed, and this decision came into force on October 1, 2023.

Presidential Decree on the Postponement of Accrual and Collection Procedures for Electricity and Natural Gas Consumption under the State of Emergency:

With the Presidential Decree No. 6974 published in the Official Gazette dated 21.03.2023 and numbered 32139, the procedures and principles regarding the postponement of accrual and collection transactions for electricity and natural gas consumption of consumers in some provinces damaged due to earthquakes that occurred on February 6th, 2023 are determined as follows:

Within the scope of the matters specified in these Procedures and Principles, the Board Decision dated 23.03.2023 and numbered 11743 was published in the Official Gazette dated 25.03.2023 and numbered 32143. With this decision, within the scope of the Electricity Market Consumer Services Regulation for electricity consumers* who are active or available for use in the provinces of Adıyaman, Hatay, Kahramanmaraş and Malatya and the districts of İslahiye and Nurdağı in Gaziantep, which were affected by the earthquakes that occurred on February 6th, 2023;

- 1) It has been decided to postpone the meter reading operations until 31.05.2023 (including this date).
- 2) It has been decided to postpone invoice and collection procedures until 31.05.2023.
- 3) It has been decided to collect invoice amount based on the total electricity consumption during this period in 6 months in equal installments without a delay increase starting from the June 2023 invoice period.
- 4) It has been decided to postpone until 31.05.2023 (including this date) the following actions regarding electricity consumption debts accrued until 06.02.2023 but not collected. The following actions are stated in below.
 - Procedures for making a second notification,
 - Power cut operations,
 - Set-off transactions and notifications from the guarantee amount,
 - Legal proceedings and notifications

The financing cost for the financing need arising from the postponement of electricity consumption accruals and collections shall be covered from the budget of the Ministry of Energy and Natural Resources within the framework of the provisions of the Regulation on Postponement of Accruals and/or Collections of Electricity and Natural Gas Consumption Fees Due to Disasters Affecting Public Life published in the Official Gazette dated 10/6/2020 and numbered 31151.

The Decision dated 23.03.2023 numbered 11745 of EMRA:

EMRA's decision dated 23.03.2023 and numbered 11745 was published in the Official Gazette dated 25.03.2023 and numbered 32143. With this decision, it has been decided that legal entities holding distribution licenses operating in places where a state of emergency has been declared and/or disaster areas due to earthquakes in 6 February 2023, provided that they are limited to these places, have been declared shall be exempted from the following obligations foreseen in Article 35 of License Regulation of Electricity Market on until 08.05.2023:

- 1) Record creation, notification, reporting and compensation payment obligations regarding continuity of supply, technical and commercial quality obligations within the scope of the Quality Regulation on Distribution and Retail Sales Activities in the Electricity Market,
- 2) Periods for the evaluation of applications regarding user equipment damages and compensation payment obligations within the scope of Article 26 of the Quality Regulation on Distribution and Retail Sale Activities in the Electricity Market,
- 3) Obligations regarding the periods specified in Article 10/A of the Electricity Market Connection and System Use Regulation for issuing the connection opinion and meeting the connection requests,
- 4) Obligations to establish and operate Automated Meter Reading and/or control systems under Article 6 of the Electricity Market Distribution System Regulation, and to establish a user services center under Article 10,
- 5) Obligations regarding the determination of technical quality measurement locations, technical quality measurements and reporting of measurement results within the scope of the Procedures and Principles Regarding the Technical Quality of the Electricity Distribution System.

Presidential Decision No. 7346:

With the Presidential Decision No. 7346 published in the Official Gazette dated 7 July 2023 and numbered 32241, the Decision Concerning Amendment to the Decision on Determination of Value Added Tax Rates Applicable to Goods and Services enters into force on 10.07.2023. According to this;

Value added tax rates to be applied to the delivery of goods and performance of services, it has been determined as:

- a) 20% for taxable transactions, except for those included in the annexed lists,
- b) 1% for the deliveries and services included in the annexed list (I),
- c) 10% for the deliveries and services included in the annexed list (II),

Determination of Interest Rates to be Applied in Rediscount and Advance Transactions: The Central Bank of the Republic of Turkey has changed the discount interest rates to be applied in rediscount transactions and the interest rates to be applied in advance transactions against bills with a maximum of 3 months to maturity on the dates and at the rates indicated below. The amendments entered into force on the date of publication.

Communiqué	Rediscount Rate (Annual - %)	Advance Rate (Annual - %)
Communiqué of the Central Bank of the Republic of Turkey published in the Official Gazette dated June 24, 2023 and numbered 32296	15,75%	16,75%
Communiqué of the Central Bank of the Republic of Turkey published in the Official Gazette dated September 1, 2023 and numbered 32296	25,75%	26,75%
Communiqué of the Central Bank of the Republic of Turkey published in the Official Gazette dated September 28, 2023 and numbered 32323	30,75%	31,75%

Communiqué of the Central Bank of the Republic of Turkey published in the Official Gazette dated November 1, 2023 and numbered 32356	35,75%	36,75%
Communiqué of the Central Bank of the Republic of Turkey published in the Official Gazette dated December 1, 2023 and numbered 32386	40,75%	41,75%
Central Bank of the Republic of Turkey Communiqué published in the Official Gazette dated December 23, 2023 and numbered 32386	43,25%	44,25%

The Law On The Establishment Of An Additional Motor Vehicle Tax And The Amendment Of Some Laws And Decree Law No. 375 For The Compensation Of Economic Losses Caused By Earthquakes That Occurred On 6, 2, 2023:

With the aforementioned Law published in the Official Gazette on 15.07.2023, the corporate tax rate was set at 25%.

Communiqué On Amendments (Monetary Limits And Ratios) To The General Communiqué (Sequence No: 80) Of The General Directorate Of Accounting (Sequence No: 82): The following line numbered 1 has been added to the Table numbered "VI" titled "Legal Interest and Default Interest Rates" in the annex of the The Communiqué on the Amendment of the General Communiqué of the Directorate General of Accounting (Sequence No: 80) (Monetary Limits and Ratios) published in the Official Gazette dated July 22, 2023 and numbered 32256 (Sequence No: 82) and the General Communiqué of the Directorate General of Accounting dated 9/3/2023 and published in the Official Gazette numbered 32127 (Sequence No: 80) (Monetary Limits and Ratios) and the other lines have been consecutively arranged accordingly. The phrase "As of 1/1/2023" in the current line numbered 1. has been changed to "for the period 1/1/2023-30/6/2023".

1. from 01.07.2023:	
1.1. If the legal interest rate has not been determined by the contract	9
1.2. Default interest rate	
1.2.1. If it has not been determined by the contract	9
1.2.2. In commercial affairs (with the communiqué of the central bank of the republic of Turkey dated 24/6/2023)	16,75

The Communiqué entered into force on the date of publication, effective from 1/7/2023.

Energy Market Regulatory Board Decision dated 19/10/2023 and numbered 12138:

With the Decision No. 12138 of the Energy Market Regulatory Board published in the Official Gazette dated October 24, 2023 and numbered 32349, the following decisions have been taken regarding the implementation of the sixteenth paragraph of Article 26 of the Unlicensed Electricity Generation Regulation in the Electricity Market and the Board Decision dated 04.08.2022 and numbered 11098 for unlicensed generation facilities located in cities where a state of emergency has been declared and/or declared a disaster area due to the earthquakes that occurred on February 6, 2023:

- In 2023, it has been decided to take into account the entire amount of electrical energy above the need that can be subject to sale in the generation facilities associated with the consumption facilities commissioned for the first time in 2023 and commissioned in 2023.

- In the event that the total electricity energy consumption of the relevant consumption facility for the year 2023 or 2024 is lower than the total electricity energy consumption for the year 2022, it has been decided to use the total electricity energy consumption for the year 2022 in the calculation of the electricity generation amount that can be subject to sale in 2024.

Consumption amounts specified in Articles 5 and 6 of the Communiqué on the Regulation of the Last Source Supply Tariff and the coefficient rate determined by the Board:

With the Board Decision published in the Official Gazette dated October 28, 2023 and numbered 32353, the consumption amounts in Articles 5 and 6 of the Communiqué on the Regulation of the Last Source Supply Tariff and the coefficient determined by the Board were determined for 2024.

- The consumption amount specified in the third paragraph* of Article 5 of the Communiqué on the Regulation of the End-Source Supply Tariff is applied as 100 million kWh/year for residential and agricultural activities consumer groups and 1 million kWh/year for other consumer groups for 2024.

Consumer Group	Consumption Amount (kWh/year)	
	2023	2024
Household	100 million	100 million
Agricultural Activities	100 million	100 million
Public and Private Sector Services Sector and Other	1 million	1 million
Industry	1 million	1 million
Lighting	1 million	1 million

- The KBK in the fifth paragraph of Article 6 of the Communiqué on the Regulation of the End-Source Supply Tariff continued to be applied as 1.0938, as of January 1, 2024 (it was also applied as 1.0938 in 2023).

Amendments in the Electricity Market Connection and System Usage Regulation:

Two changes were made to the Electricity Market Connection and System Usage Regulation in 2023. According to the Regulation on Amendments to the Electricity Market Connection and System Usage Regulation published in the Official Gazette dated 29 July 2023 and numbered 32263, the amount stated in the notification shall be transferred to TEİAŞ or the distribution company within fifteen days following the day on which the payment notification pursuant to the second paragraph of Article 25 of the CSUR and in case of non-payment, the delay interest calculated in accordance with Article 51 of the Law No. 6183 on the Collection Procedure of Public Receivables will be applied twice for transmission system users.

Another change was made in November. The following changes has been made to the Regulation on Amendments to the Electricity Market Connection and System Usage Regulation (BSKY) published in the Official Gazette dated 9 November 2023 with numbered 32363 the Electricity Market Connection and System Usage Regulation published in the Official Gazette dated 28/1/2014 and numbered 28896.

Tax Procedure Law General Communiqué (Sequence No: 554):

In accordance with the Tax Procedural Law General Communiqué No. 554 published in the Official Gazette No. 32380 dated 25 November 2023 and paragraph (B) of Article 298 bis of the Tax Procedure Law No. 213, the revaluation rate is the average price increase rate in the Domestic Producer Price Index of the Turkish Statistical Institute in October of the year to be revalued (including October) compared to the same period of the previous year. This rate must be announced in the Official Gazette by the Ministry of Treasury and Finance. In accordance with this provision, the revaluation rate has been determined as 58.46% (fifty-eight point forty-six) for 2023. On the other hand, it has been notified that the previously published Communiqués on this subject are also in force.

Presidential Decree No. 7918:

The decisions taken within the framework of the "Decision on the Redetermination of the Installment Payment Periods in the Law No. 7256 on the Restructuring of Certain Receivables and Amendments to Certain Laws and the Law No. 7326 on the Restructuring of Certain Receivables and Amendments to Certain Laws Due to the Earthquakes Occurring in the Province of Kahramanmaraş on 6/2/2023 and the Continuing Force Majeure in the Provinces of Adıyaman, Hatay, Kahramanmaraş and Malatya and the Districts of İslahiye and Nurdağı of Gaziantep Province" published in the Official Gazette dated December 12, 2023 and numbered 32397 are as follows:

- On February 6, due to the earthquakes that occurred in Kahramanmaraş Province on February 6, it was announced by the Ministry of Treasury and Finance that the state of force majeure declared by the Ministry of Treasury and Finance in accordance with Article 15 of the Law No. 213 to be valid from February 6, 2023 until April 30, 2024 (including this date) in Adıyaman, Hatay, Kahramanmaraş and Malatya provinces and İslâhiye and Nurdağı districts of Gaziantep Province.
- The payment period of the first of the installments (including those whose last day of the payment period coincides with the date of the end of the state of force majeure) that must be paid between 06.02.2023 and 29.02.2023 within the scope of the aforementioned Laws (including those whose last day of the payment period coincides with the date of the end of the state of force majeure) of those who are indebted to the offices in these places exclusively to the offices (creditor administrations) in these places has been extended to be paid in the month following the date of the end of the state of force majeure, and the payment periods of the following installments in monthly periods following this month (in total twelve months).
- If the number of installments between the date of the beginning of the force majeure event and the end of the force majeure event is more than twelve, the excess installments are paid together with the twelfth installment.

Regulation Amending the Electricity Market Balancing and Settlement Regulation:

With the Regulation Amending the Electricity Market Balancing and Settlement Regulation published in the Official Gazette dated December 19, 2023 and numbered 32404, amendments were made to the Electricity Market Balancing and Settlement Regulation, which entered into force after being published in the Official Gazette dated April 14, 2009 and numbered 27200, and which determines the procedures and principles regarding the balancing of active electricity energy supply and demand and the realization of settlement. Amendments were made to the articles on intraday market bids, notification of intraday market bids, matching of bids in the intraday market and commercial transaction approval, PMS failure and maintenance procedures within the scope of the intraday market, and objection process in the intraday market. A summary of the amendments is as follows:

- "Block bidding" is abolished in the intraday market (Art. 66/C f.1)
- Minimum price steps that can be offered in the intraday market will be determined by the Market Operator and announced to the market participants through the PMS (Art. 66/C f.3)
- Bid options
 - Standard
 - Periodic
 - Map or destroy all
 - Match or destroy what exists
 - Price leveled
 - time leveled
 - Iceberg

- Article 132 of the Regulation stipulates that the amount of energy taken as imbalance by the relevant supply company due to the withdrawals made by the eligible consumers falling into the portfolio of the incumbent supply company shall be evaluated at the market clearing price for the settlement periods determined including the 2nd business day following the notification made by the Market Operator to the relevant distribution company as of the date of fall into the portfolio.
- Article 133 of the Regulation sets out the process for objecting to the LUATOB values calculated in accordance with the provisions of the Regulation on Certification and Support of Renewable Energy Resources within the scope of the retrospective correction item, and stipulates that the distribution company must finalize the objections submitted in writing or via PYS within 5 business days.
- It is stipulated that the Market Operator shall make the necessary correction in accordance with the results notified to it in writing or through the PMS by the incumbent supply companies regarding the LÜYTOB values within the scope of the provisions of Article 134 and the correction made shall be notified to the relevant incumbent supply company in writing or through the PMS.

Communiqué on Administrative Fines to be Imposed in 2024 Pursuant to Article 16 of the Electricity Market Law:

With the Communiqué published in the Official Gazette dated December 27, 2023 and numbered 32412, the administrative fines regulated in Article 16 of the Electricity Market Law (“Law”) were increased by 58.46%, which was determined as the revaluation rate for 2023, and redetermined as follows. The Communiqué entered into force on 01/01/2024.

	ADMINISTRATIVE FINES ANTICIPATED IN LAW	ADMINISTRATIVE FINES IMPLEMENTED IN 2023	ADMINISTRATIVE FINES TO BE IMPLEMENTED IN 2024
RELEVANT ARTICLE	(TRY)	(TRY)	(TRY)
In cases of request for information or on-site inspection by the Board; if it is determined that the requested information is provided inaccurately, incompletely or misleadingly, or if no information is provided at all, or if the opportunity for on-site inspection is not provided, it shall be warned to provide accurate information or to provide the opportunity for inspection within fifteen days. The administrative fine to be imposed on those who continue to violate despite the written warning Paragraph (a) of the First Paragraph of Article 16	500.000	3.607.749	5.716.839
In the event that it is determined that there is a violation of the Law, secondary legislation or license provisions, Board decisions and instructions, it shall be warned to eliminate the violation within thirty days or not to repeat it, depending on the nature of the violation, and the administrative fine to be imposed on those who continue or repeat the violations despite the written warning Paragraph (b) of the First Paragraph of Article 16	500.000	3.607.749	5.716.839

Administrative fine to be imposed without the need for warning in case of violation of the provisions of the Law, secondary legislation or license in a way that cannot be corrected after the violation has been made Paragraph (c) of the First Paragraph of Article 16	500.000	3.607.749	5.716.839
Administrative fine to be imposed in case of submitting untrue documents or misleading information about the conditions required for the issuance of a license, or failing to notify the Board of changes in license conditions that will affect the issuance of a license during the license application or license execution Paragraph (ç) of the First Paragraph of Article 16	800.000	5.772.413	9.146.965
In case of violation of the prohibition of affiliate relationship during the license period, the affiliate relationship shall be warned to be corrected within thirty days. Administrative fine to be imposed on those who continue to violate despite the written warning Paragraph (d) of the First Paragraph of Article 16	900.000	6.493.959	10.290.327
In the event that it is determined that there is activity outside the scope of the license in the market, it shall be warned to stop the out-of-scope activity or adverse activity within fifteen days. Administrative fines to be imposed on those who continue their violations despite the written warning Paragraph (e) of the First Paragraph of Article 16	1.000.000	7.215.524	11.433.719
Except for the inspections of electricity distribution companies, a period of time is given for the elimination of deficiencies related to unlit, out-of-place luminaires and/or poles detected within the scope of general lighting. An administrative fine of five hundred Turkish liras shall be imposed by the Board for each pole or luminaire determined by the determination that the deficiencies are not eliminated within the specified periods, following the notification of the Ministry to the Board. The periods to be given for the elimination of the identified deficiencies and the principles of determining the deficiencies shall be determined by regulation. Administrative fines imposed pursuant to this Law shall be paid within one month following the notification. Eighth Paragraph of Article 16	500	2.864	4.538

Electricity Market Measurement Systems Regulation:

Regulation on Electricity Market Measurement Systems published on December 28, 2023 and entered into force on January 1, 2024 has following transition provisions:

- (i) The user mobile application to be established by EPIAŞ (June 1, 2024) and the distribution company to provide data to this application as of July 1, 2024.
- (ii) National smart meter system ("MASS") transition period implementations (the distribution company shall install the central communication software by April 1, 2025; ensure integration for the transfer and processing of meter data by August 1, 2025; the meters to be supplied by the distribution company as of June 1, 2025 shall comply with the interoperability principle).

The National Smart Meter System (MASS) consists of the following hardware and software components, and these components should work in harmony without the need for any revision:

- Smart meters
- Modem
- Central communication software
- Data concentrator
- User mobile app

The duties and responsibilities of the distribution company regarding the Smart Meter System Infrastructure are as follows:

- Inclusion of meters connected to the distribution system in the scope of MASS (until 1/8/2025),
- Installation, operation and maintenance of the equipment, infrastructure and smart meters necessary for establishing communication; and
- Replacement of existing meters with smart meters.

The User Mobile Application to be established by EPIAŞ until 1/6/2024 is operated by EPIAŞ in order to enable users to view and analyze some of their information and is based on the principle that the distribution company is responsible for the accuracy of the data it will provide until 1/7/2024.

The following features will be available in the user mobile application:

- Ability to view daily, monthly, yearly consumption and/or production data (by time period)
- Ability to alert the user in case of unexpected overconsumption, consumption when not in use
- Informing the user even if the limit value set is exceeded
- Displaying the interruption list of the current and previous year interruption data affected by the users, the total interruption duration and total number of interruptions based on the continuity of supply compensation on a yearly basis, the start and end time of each interruption, the interruption duration, long-term and annual interruption compensation information
- Advance notification of notifiable outages
- Ability to view meter data related to technical quality events
- Reporting complaints and malfunctions

The procedures and principles regarding the sharing of data in the user mobile application with public institutions and organizations will be determined by the Authority.

Electricity meters are divided into 2 categories as Smart Meter EKO and Smart Meter PRO by the Regulation. According to the order of priority, the meters that should be within the scope of Smart Meter EKO are determined as follows:

- Newly installed meters and meters that need to be replaced due to expiration of the stamp period.
- Meters that must be installed at the output of each distribution transformer.
- Meters that need to be replaced due to malfunction.
- Meters replaced due to suspicion of illegal electricity use.

The meters that should be within the scope of Smart Meter PRO are determined as follows.

- Meters that measure the electricity drawn from the distribution system by the consumption units of licensed generation facilities.
- Meters that measure the electrical energy supplied by licensed generation facilities to the distribution system.
- Meters that measure the electrical energy exchanged between two distribution systems.
- Meters that measure the electrical energy supplied and withdrawn from the electricity storage unit within the electricity storage facility with storage, the electricity storage unit integrated to the generation facility and the stand-alone electricity storage facilities.
- Existing meters for places of use whose consumption in the previous year or consumption during the year is over 10 MWh.
- Meters to be used for measuring the electricity consumption of charging stations with a separate electricity subscription and at least one DC 50 kW and above charging unit and charging stations with an annual consumption of over 10 MWh.
- Unlicensed generation facilities with an installed capacity of over 10 kW.

Distribution companies shall record the data related to continuity of supply on the meters in such a way that there will be no data loss within the framework of the procedures defined in the Quality Regulation on Distribution and Retail Sales Activities in the Electricity Market and the procedures defined in the Procedures and Principles Regarding the Technical Quality of the Electricity Distribution System.

For meters that are not within the scope of remote communication, interruption and technical quality records on the meter will be read at least every 6 months by electricity distribution companies and recorded in their related systems.

The Procedures and Principles on the Scope of Automatic Meter Reading Systems and Determination of Meter Values and the Communiqué on Meters to be Used in the Electricity Market have been repealed.

The dates foreseen for the MASS Transition Period are as follows:

- Meters purchased according to TEDAŞ - MLZ/2017-062.A coded Electronic Electricity Meters Technical Specification can be installed until 1/1/2025.
- Communication units purchased according to TEDAŞ - MLZ/2019-064.A coded Communication Unit Technical Specification can be installed until 1/1/2025.
- Meters and modems compatible with the Automatic Meter Reading System can be installed until 1/1/2025 in places where Smart Meter PRO must be installed.
- Existing meters in the places of use with previous year consumption or consumption over 10 MWh within the year shall be replaced with Smart Meter PRO or Automatic Meter Reading System compatible meters and modems until 1/1/2025, starting with the ones with high consumption and not less than twenty percent on distribution company basis.

Minimum Wage Determination Commission Decision: With the Decision of the Ministry of Labor and Social Security dated 27.12.2023 and numbered 2023/2 published in the Official Gazette dated 30 December 2023 and numbered 32415, pursuant to Article 39 of the Labor Law No. 4857 and Article 522 of the Presidential Decree No. 1 on the Organization of the Presidency, it is decided

- 1) To determine a single minimum wage at the national level
- 2) To determine the minimum wage of the worker for one day of normal work as: 666.75 Turkish Liras between 01/01/2024 - 31.12.2024,
- 3) To propose to redefine the scope of the support and the procedures and principles in order to maintain the minimum wage support as 700 Turkish Liras from January to December 2024

by the Minimum Wage Determination Commission, which is responsible for determining the minimum wage of all kinds of workers working with an employment contract and whether or not covered by this Law.

Major Legislative Changes in the Retail Business Segment

Applicable from 1 April 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 18%- 49%. The final tariff reflected to the end user has been decreased 15% for the all customer groups.

Energy Market Regulatory Board Decision dated 29.12.2022 and numbered 11496:

With the board decision of the Energy Market Regulatory Authority dated **29.12.2022** and numbered **11496** published in the Official Gazette dated December 30, 2022 and numbered 32059, it has been decided to identify eligibility limit for liberal market as 1,000 kWh for 2023.

The Decision dated 23.03.2023 and numbered 11744 of EMRA:

The Board Decision dated 23.03.2023 and numbered 11744 was published in the Official Gazette dated 25.03.2023 and numbered 32143. In this context, due to the earthquakes that occurred on February 6th, 2023, in the places where a state of emergency decision has been rendered and/or a disaster area was declared, the authorized supply companies will be exempted until 31/05/2023 (including this date) for the obligations regarding the periods and compensations, stated in the Authorized Supply Company Commercial Quality Table (Table-10) mentioned in Article 39 of the Quality Regulation on Distribution and Retail Sales Activities in the Electricity Market. The obligations regarding the periods and compensations exempted have been stated in below:

- To finalize the applications recorded by the consumer services center and notify them in writing or with a permanent data storage device in accordance with the consumer's request,
- Sending the second notification to the consumer (in writing and with a permanent data storage device),
- Notification of the results of the examination of the invoice/payment notification objections concerning the authorized supply company in writing or by permanent data storage in accordance with the consumer's request,
- Notification of the results of the examination of the invoice/payment notification objections concerning the distribution company in writing or by permanent data storage in accordance with the consumer's request after the results of the examination of the invoice/payment notification objections concerning the distribution company reach the authorized supply company,
- In case the invoice/payment notification objection is found to be justified, the excess amount collected for the consumption subject to the objection shall be refunded to the consumer,
- In case of termination or expiration of the retail sales contract, the assurance fee collected in cash to be returned to the consumer,
- Establishing a retail sales contract in duly filed applications,
- To inform the distribution company regarding the established retail sales contract by recording it,
- Initiation of legal proceedings for debts not paid on time.

Energy Market Regulatory Board Decision dated 30.03.2023 and numbered 11769:

With the board decision of the Energy Market Regulatory Authority dated **30.03.2023** and numbered **11769** published in the Official Gazette dated March 31, 2023 and numbered 32149, it has been decided 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 Regarding the Determination and Application of the Support Fee on the Basis of Source, it was decided to apply support fee for 6 months from 01.04.2023 in order to support consumers and/or high-cost generation. Maximum settlement prices to be used in determining support fee were specified as 1,800 TL/MWh for domestic coal; 1,800 TL/MWh for imported coal; 2,550 TL/MWh for natural gas/fuel/naphtha/LPG/diesel oil and 1,700 TL/MWh for other sources.

Energy Market Regulatory Board Decision dated 30.03.2023 and numbered 11771:

With the board decision of the Energy Market Regulatory Authority dated **30.03.2023** and numbered **11769** published in the Official Gazette dated March 31, 2023 and numbered 32149, it has been decided until the date of 30.09.2023, the market participants are obliged to submit 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 and it was decided that the Decision would enter into force on 01.04.2023

Energy Market Regulatory Board Decision dated 04.05.2023 and numbered 11827:

With the Board Decision No. 11827 published in the Official Gazette dated 05.05.2023 and numbered 32181, it has been decided that the amounts included in the advance payment notifications, which are obliged to pay, specified in the first paragraph of Article 132/Ç of the Electricity Market Balancing and Settlement Regulation, will be postponed until the invoice deadline for the relevant billing period, and that no default interest will be applied to the market operator and market participant during the period during which the advance payments are postponed from 8 May 2023 until 30 June 2023 in cities where a state of emergency has been declared and/or declared disaster areas by the Presidential Decree.

For legal entities holding generation licenses, which are established in the cities in question and have electricity generation facilities in operation, and legal entities holding generation licenses whose company headquarters are located in these cities, operating in these cities; For legal entities holding distribution licenses, designated supply companies, supply companies with which Organized Industrial Zones (OIZ) are directly or indirectly partners, and supply companies whose headquarters are located in the above-mentioned cities.

Energy Market Regulatory Board Decision dated 11.05.2023 and numbered 11846:

With the Board Decision numbered 11846 published in the Official Gazette dated 12.05.2023 and numbered 32188; from the date of publication of this decision until 30 June 2023; in cities where a State of Emergency decision was taken and/or declared a disaster area it has been decided that;

Legal entities holding distribution licenses, designated supply companies, supply companies of which Organized Industrial Zones (OIZ) are direct or indirect partners which are operating in the said cities, the amounts included in the advance payment notifications specified in the first paragraph of Article 132/Ç of the Electricity Market Balancing and Settlement Regulation, postponement until the invoice due date for the relevant billing period, no default interest is applied to the market operator and market participant during the period during which the advance payments are postponed,

Implementation of the first article for the advance fees corresponding to the withdrawal amounts of the final consumers (including OIZs) in the cities in question where they sell through bilateral agreements by supply companies and legal entities holding generation licenses, whose headquarters are located in the above-mentioned cities, and legal entities holding generation licenses that have electricity generation facilities established and in operation in these cities

Board Decision dated 04.05.2023 and numbered 11827 is repealed.

Presidential Decree on the Abandonment of Energy Consumption Fees under the State of Emergency (No: 132):

On 21.03.2023 dated 21.03.2023 and numbered 32139, the Presidential Decree No. 137 was published in the Official Gazette. The Decree aims to cancel the unpaid consumption fees of electricity and/or natural gas subscribers whose residences and/or workplaces have been destroyed, will be destroyed immediately, or have become heavily or moderately damaged within the scope of the state of emergency declared by the Presidential Decree No. 6785.

The principles of abandonment are as follows:

- In places recognized as disaster areas affecting general life due to the earthquakes that occurred on 6/2/2023, those whose houses and/or workplaces have been destroyed due to these earthquakes will be demolished immediately, electricity and natural gas consumption amounts accrued but not collected until 6/2/2023, including the amounts arising from the electricity consumption of the subscribers who have become heavily or moderately damaged, which were transferred to the Turkish Electricity Distribution Joint Stock Company during the privatization transfer procedures of the Turkish Electricity Distribution Joint Stock Company, and the last reading The electricity and natural gas consumption amounts to be accrued by taking into account the past consumption of the relevant consumers for the consumption belonging to the period from the date of 6/2/2023 until 6/2/2023 and the unpaid invoice amounts of these subscribers for the previous periods, if any, shall be canceled together with their accessories to be covered from the budget of the Ministry of Energy and Natural Resources.
- Under Decree No. 132, the lawsuits and execution proceedings, if any, filed for the invoice amounts canceled shall be terminated. For the enforcement proceedings terminated within this scope, the fees required to be collected in accordance with the Law on Fees dated 2/7/1964 and numbered 492 and the fees regulated in Article 1 of the Law on Fees to be Collected against the Construction of Prisons and Court Buildings dated 30/6/1934 and numbered 2548 and Food Costs to be Paid to Prisoners shall not be charged. Previously collected fees shall not be refunded. In this context, no request for legal expenses and attorney fees can be made regarding the lawsuits and execution files whose proceedings have been terminated.
- Public legal entity subscribers and general lighting subscriptions are excluded from the scope of this Presidential Decree.

Energy Market Regulatory Board Decision dated 22.06.2023 and numbered 11928:

With the Board Decision numbered 11928 published in the Official Gazette dated 24.06.2023 and numbered 32231 and the effects of the earthquakes in Kahramanmaraş on 6 February 2023, in accordance with the 140th article of the Electricity Market Balancing and Settlement Regulation (Regulation), it has been decided that until 30 September 2023;

The amounts included in the advance payment notifications specified in the first paragraph of Article 132/Ç of the Regulation are postponed until the invoice deadline for the relevant billing period, no default interest is applied to the market operator and market participant during the period during which the advance payments are postponed for;

- The categories of the designated supply companies within the scope of subparagraphs (a), (b), (c) and (ç) of the second paragraph of Article 17 of the Regulation,
- Supply companies with which Organized Industrial Zones are directly or indirectly a partner of

which are operating in Akedaş Elektrik Dağıtım A.Ş., Dicle Elektrik Dağıtım A.Ş., Fırat Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş. distribution regions and the decision be in force as of 01.07.2023.

Energy Market Regulatory Board Decision dated 03.07.2023 and numbered 11933:

With the Board Decision numbered 11933 published in the Official Gazette dated 04.07.2023 and numbered 32238, "Procedures and Principles for Determining Minimum and Maximum Price Limits in the Day-Ahead Market and Balancing Power Market," has been amended as follows in the temporary 1 article's fifth paragraph: "5) Until a new decision is made by the Board; minimum price limits in the relevant markets are applied as 0 TL/MWh, and maximum price limits are applied as 2,700 TL/MWh. During this period, the provisions of the second paragraph of Article 4 of these Procedures and Principles shall not apply."

Presidential Decree No. 7346:

With Presidential Decree No. 7346, published in the Official Gazette numbered 32241 and dated 07.07.2023, "Amendment to the Decision on the Determination of Value Added Tax Rates to be Applied to Goods and Services." Has been put into effect. The relevant Decree has made changes to the Decision on the Determination of Value Added Tax Rates to be Applied to Goods and Services, which was put into effect by the Council of Ministers Decision No. 2007/13033 dated 24/12/2007, as follows:

In the first paragraph of Article 1;

- The phrase "18%" in subparagraph (a) has been changed to "20%,"
- The phrase "8%" in subparagraph (c) has been changed to "10%."

Energy Market Regulatory Board Decision dated July 13, 2023 and numbered 11952:

With Decision No. 11952 dated July 13, 2023, published in the Official Gazette numbered 32250 on July 16, 2023, it has been decided to revise as stated below the anticipated RES Support Mechanism (YEKDEM) cost per unit of energy supplied for the month of July 2023 and beyond, within the scope of the fourth paragraph of Article 13 and the second paragraph of Article 14 of the Regulation on the Certification and Support of Renewable Energy Resources.

Months	2023 YEKDEM (TL/MWh)	Estimated Cost
July	186.33	
August	143.58	
September	196.97	
October	220.22	
November	205.80	
December	159.91	

Regulation Amending the Electricity Market Connection and System Usage Regulation:

With the Regulation Amending the Electricity Market Connection and System Usage Regulation, published in the Official Gazette numbered 32263 on July 29, 2023, the second paragraph of Article 25 of the Electricity Market Connection and System Usage Regulation has been amended as follows and came into effect on the date of publication:

"Payment Procedure -

ARTICLE 25: (2) The user shall pay the amount specified in the notification to TEİAŞ or the distribution company within fifteen days following the day of notification. A delay penalty, calculated in accordance with Article 51 of the Law No. 6183 on the Procedure for the Collection of Public Receivables dated 21/7/1953, shall be applied for the delayed payment period. **For transmission system users, this rate shall be applied at twice the amount."**

Energy Market Regulatory Board Decision dated August 17, 2023 and numbered 12031:

With Decision No. 12031 dated August 17, 2023, published in the Official Gazette numbered 32283 on August 18, 2023, regarding the wholesale electricity sales tariff to be applied by the Electricity Generation Corporation:

- An amount of 110.0000 kr/kWh shall be applied for sales to authorized supply companies.
- An amount of 100.0000 kr/kWh shall be applied for sales to distribution companies for technical and non-technical loss energy.
- An amount of 380.0000 kr/kWh shall be applied for sales to distribution companies for general lighting purposes.

Change in the Collateral Calculation Method by Energy Markets Operations Inc. ("EPIAŞ"):

EPIAŞ has made amendments to the temporary additional collateral clause for distribution and authorized supply companies in the Collateral Calculation Method with the General Manager's Decree No. 10002 dated August 17, 2023. This change came into effect on August 18, 2023.

Amendment to the Regulation Regarding the Exemption of Energy Consumption Fees within the Scope of the State of Emergency:

With the Regulation Amending the Regulation Regarding the Exemption of Energy Consumption Fees within the Scope of the State of Emergency, published in the Official Gazette numbered 32263 on July 29, 2023, the second paragraph of the article titled "Submission of Invoices and Summaries" has been amended as follows:

"Submission of Invoices and Summaries

ARTICLE 8- (2) Applications within the scope of the first paragraph may be made collectively or separately. However, applications made by the relevant company for all consumers within the scope of the exemption, except those subject to objections and/or legal proceedings due to damage conditions, shall be completed by November 1, 2023."

Energy Market Regulatory Board Decision dated August 17, 2023 and numbered 12022:

With Decision No. 12022 dated August 17, 2023, published in the Official Gazette numbered 32287 on August 22, 2023, due to the earthquakes that occurred on February 6, 2023, and the subsequent declaration of a state of emergency and disaster zones in certain cities, for moderately and heavily damaged structures associated with unlicensed electricity generation facilities installed under the Unlicensed Electricity Generation Regulation in the Electricity Market, as well as for demolished and to-be-demolished structures, it has been decided that the provisions of the eighth and ninth paragraphs of Article 28 of the Regulation on Unlicensed Electricity Generation in the Electricity Market will not be applied until August 31, 2024, starting from May 9, 2023.

Energy Market Regulatory Board Decision dated September 14, 2023 and numbered 12069:

With Decision No. 12069 dated September 14, 2023, published in the Official Gazette numbered 32311 on September 16, 2023, the transmission additional fee to be applied in 2024 has been determined as 0.5 per thousand (‰) of the transmission tariff of the Turkish Electricity Transmission Corporation, in accordance with the seventh paragraph of Article 5 and the (e) subparagraph of the first paragraph of Article 10 of Law No. 4628 on the Organization and Duties of the Energy Market Regulatory Authority, as well as the third paragraph of Article 7 of the Electricity Market Tariffs Regulation.

Transmission additional fees shall be calculated monthly by the Turkish Electricity Transmission Corporation and deposited into the account of the Energy Market Regulatory Authority by the 25th of the following month.

This decision came into effect on the date of its publication, effective from January 1, 2024.

Energy Market Regulatory Board Decision dated September 28, 2023 and numbered 12095:

With Decision No. 12095 dated September 28, 2023, published in the Official Gazette numbered 32325 on September 30, 2023, due to the ongoing effects of the earthquakes centered in Kahramanmaraş on February 6, 2023, in accordance with Article 140 of the Electricity Market Balancing and Settlement Regulation, until December 31, 2023:

For Akedaş Elektrik Dağıtım A.Ş., Dicle Elektrik Dağıtım A.Ş., Fırat Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş., operating in the distribution regions in question,

- the amounts specified in the advance payment notifications in accordance with the categories listed in the second paragraph of Article 17 (a), (b), (c), and (ç) of the Regulation and for supply companies directly or indirectly affiliated with Organized Industrial Zones,

- The payment of which is obligated, shall be postponed until the last payment date of the relevant invoice period, as stated in the first paragraph of Article 132/Ç of the Regulation, and during the period when advance payments are deferred, default interest shall not be applied to the market operator and market participants.

This decision came into effect on October 1, 2023.

Energy Market Regulatory Board Decision dated September 28, 2023 and numbered 12108:

With Decision No. 12108 dated September 28, 2023, published in the Official Gazette numbered 32325 on September 30, 2023, the following decisions have been made:

- Approval of the tariff tables to be applied as of October 1, 2023, for low- consumption consumers defined within the scope of the Regulation on the Preparation of the Last Resort Supply Tariff, published in the Official Gazette numbered 30307 dated January 20, 2018, by distribution companies to distribution system users, and by authorized supply companies to non-liberalized consumers and consumers who, despite having the option to choose their supplier, have not selected one.
- Approval of the tariff table to be applied as of October 1, 2023, for consumers who choose the Green Tariff by authorized supply companies. The relevant tariff tables were published in the Appendix to the Board Decision.

Energy Market Regulatory Board Decision dated October 19, 2023 and numbered 12138:

With Decision No 12138 dated 19 October 2023, published in the Official Gazette numbered 32349 and dated 24 October 2023, due to the earthquakes that occurred on February 6, 2023; regarding the implementation of the sixteenth paragraph of Article 26 of the Unlicensed Electricity Generation Regulation in the Electricity Market and the Board Decision numbered 11098 and dated 04 August 2022 for unlicensed generation facilities located in cities where a state of emergency has been declared and/or declared a disaster area it has been decided to;

- To take into account the entire amount of electrical energy above the need that can be subject to sale in the production facilities associated with the consumption facilities commissioned for the first time in 2023 and commissioned in 2023,
- In the event that the total electricity energy consumption of the relevant consumption facility for the year 2023 or 2024 is lower than the total electricity energy consumption of the relevant consumption facility for the year 2022, the total electricity energy consumption of the relevant consumption facility for the year 2022 shall be used in the calculation of the amount of electricity generation that can be subject to sale in 2024.

Regulation Amending the Regulation Regarding the Exemption of Energy Consumption Fees within the Scope of the State of Emergency:

Published in the Official Gazette numbered 32353 and dated 28.10.2023, the title of Article 7 of the Regulation Amending the Regulation Regarding the Exemption of Energy Consumption Fees within the Scope of the State of Emergency has been amended as "Amounts subject to abandonment" and the first paragraph of the same article has been amended as follows and entered into force on the date of publication:

“(1) Companies shall not apply for cancellation of the security deposits of the terminated or terminated contracts of the consumers within the scope of this Regulation and shall refund these security deposits in accordance with the provisions of the relevant legislation, without subjecting them to offsetting.”

Determination of Interest Rates Applicable to Rediscount and Advance Transactions:

With the Communiqué published in the Official Gazette numbered 32356 and dated 01.11.2023, the discount interest rate to be applied by the Central Bank of the Republic of Turkey in rediscount transactions against bills with a maximum of 3 months to maturity was determined as 35.75 percent per annum, and the interest rate to be applied in advance transactions was determined as 36.75 percent per annum and entered into force as of the date of publication.

Energy Market Regulatory Board Decision dated November 9, 2023 and numbered 12186:

With the Decision of the Energy Market Regulatory Board numbered 12186 and dated 09.11.2023 published in the Official Gazette numbered 32365 and dated 10.11.2023, it has been decided to apply the active electricity energy wholesale tariff as 48,2187 kr/kWh for the sales made by EÜAŞ to the authorized supply companies, effective from 11.11.2023.

No. 6183 on the Determination of the Delay Increase Rate in the First Paragraph of Article 51 of the Law No. 6183 on the Procedure for Collection of Public Receivables as 3.5% to be applied separately for each month (Decision No.: 7782):

In the Official Gazette numbered 32369 and dated 14.11.2023, the Decision on the Determination of the Delay Increase Rate in the First Paragraph of Article 51 of the Law No. 6183 on the Collection Procedure of Public Receivables as 3.5% to be applied separately for each month (Decision No.: 7782) was published.

Determination of Interest Rates Applicable to Rediscount and Advance Transactions:

In the Official Gazette numbered 32386 and dated 01.12.2023, the Central Bank of the Republic of Turkey published the Determination of Interest Rates to be Applied in Rediscount and Advance Transactions, and accordingly, the discount interest rate to be applied in rediscount transactions to be made against bills with a maximum of 3 months to maturity was determined as 40.75 percent per annum and the interest rate to be applied in advance transactions was determined as 41.75 percent per annum and entered into force on the date of publication.

Regulation Amending the Electricity Market Balancing and Settlement Regulation:

With the Regulation Amending the Electricity Market Balancing and Settlement Regulation published in the Official Gazette numbered 32404 and dated 19.12.2023, certain amendments were made to the Electricity Market Balancing and Settlement Regulation.

In general, amendments were made to the articles on intraday market bids, notification of intraday market bids, matching of bids and trade confirmation in the intraday market, PMS failure and maintenance procedures within the scope of the intraday market, and objection process in the intraday market.

Subparagraph (d) of the fifth paragraph 132/E of the Regulation titled "Failure to make bill payments" has been amended as follow: "The amount of energy taken as imbalance by the relevant supply company due to the withdrawals made by the eligible consumers who fall into the portfolio of the incumbent supply company or who will supply energy within the relevant OIZ holding a distribution license, is evaluated at the market clearing price for the settlement periods determined including the second business day following the notification made by the Market Operator to the relevant distribution company or TEİAŞ as of the date of fall into the portfolio."

Determination of Interest Rates Applicable to Rediscount and Advance Transactions:

With the Official Gazette numbered 32408 and dated 23.12.2023, the interest rate to be applied in rediscount transactions of the Central Bank of the Republic of Turkey against bills with a maximum of 3 months to maturity was determined as 43.25 percent per annum and the interest rate to be applied in advance transactions was determined as 44.35 percent per annum and entered into force on the date of publication.

Energy Market Regulatory Board Decision dated December 27, 2023 and numbered 12271:

With the Decision of the Energy Market Regulatory Board numbered 12271 and dated 21/12/2023 published in the Official Gazette numbered 32412 and dated 27.12.2023 and, due to the continuing effects of the earthquakes on February 6, 2023, in accordance with Article 140 of the DUY, it has been decided until 31 March 2024:

Akedaş Elektrik Dağıtım A.Ş., Dicle Elektrik Dağıtım A.Ş., Fırat Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş. and the incumbent supply companies operating in the said distribution regions;

a) The categories of the incumbent supply companies within the scope of a, b, c, subparagraphs of Article 17, Paragraph 2 of the Regulation

b) Supply companies in which Organised Industrial Zones are direct or indirect shareholders which are obliged to pay the amounts included in the daily advance payment notifications sent to the market participants by the Market Operator regarding the day-ahead market, will be postponed until the invoice due date for the relevant invoice period. It has been decided that default interest will be applied to the market operator and market participant during the period during which advance payments are postponed, and this decision will come into force on January 1, 2024.

Communiqué on Administrative Fines to be Imposed in 2024 Pursuant to Article 16 of the Electricity Market Law No. 6446:

With the Official Gazette numbered 32412 and dated 27.12.2023, the Communiqué on Administrative Fines to be Imposed in 2024 Pursuant to Article 16 of the Electricity Market Law No. 6446 was published,

Pursuant to Article 16 of the Law No. 6446, the administrative fines to be imposed are determined as follows:

RELEVANT PROVISION OF ARTICLE 16 OF THE LAW NO. 6446	ADMINISTRATIVE FINES TO BE APPLIED IN 2024 (TL)
Paragraph (a) of the first paragraph of Article 16	5.716.839
Paragraph (b) of the first paragraph of Article 16	5.716.839
Paragraph (c) of the first paragraph of Article 16	5.716.839
Paragraph (ç) of the first paragraph of Article 16	9.146.965
Paragraph (d) of the first paragraph of Article 16	10.290.327
Paragraph (e) of the first paragraph of Article 16	11.433.719
Article 16, paragraph eight	4.538

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12295:

With the Decision of the Energy Market Regulatory Board numbered 12295 and dated 28.12.2023 published in the 2nd Repeated Official Gazette numbered 32415 and dated December 30, 2023, it was decided to apply the eligible consumer limit as 950 kWh for 2024.

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12302-1:

With the Board Decision of the Energy Market Regulatory Board numbered 12302-1 and dated 28.12.2023 published in the 2nd Repeated Official Gazette, 2023 numbered 32415 and dated December 30, the assurance fees to be valid as of 01.01.2024 have been determined as follows.

Industry and Public and Private Services Sector and Other	387,1 TL/kW
Household	136,2 TL/kW
Martyr Families and Combat Veterans	68,0 TL/kW
Agricultural irrigation, lighting and Other	183,7 TL/kW

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12302-4:

With the Board Decision of the Energy Market Regulatory Board numbered 12302-4 and dated 28.12.2023 published in the 2nd Repeated Official Gazette numbered 32415 and dated December 30, 2023, as of 01.01.2024, the fees for the payment notification and second notification release services received by the authorized supply companies from the distribution companies have been determined as follows.

	Price (TL / Transaction)	
	Low Voltage	Medium Voltage
Payment Notice Release Fee	0,215	2,15
Second Notification Fee	4,31	43,22
Fee to be applied in case of leaving a second notification together with the payment notification	0 TL	

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12302-6:

With the Board Decision numbered 12302-6 and dated 28.12.2023 of the Energy Market Regulatory Board published in the 2nd Repeated Official Gazette numbered 32415 and dated December 30, 2023, the annual operating fee to be collected by the incumbent supply companies in accordance with subparagraph (b) of paragraph 2 of Article 36 of the Unlicensed Electricity Generation Regulation, which will be effective as of 01.01.2024, has been determined as follows.

Power Range	Cost (TL/Year)
0-50 kW (including)	0
50-250 Kw (including)	3433,0
250 kW – 5 MW (including)	6865,9
5 MW üzeri	13731,5

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12302-8:

With the Board Decision numbered 12302-8 and dated 28.12.2023 of the Energy Market Regulatory Board published in the 2nd Repeated Official Gazette numbered 32415 and dated December 30, 2023, the transaction fee to be collected by the relevant network operator and incumbent supply companies in accordance with subparagraph (c) of paragraph 2 of Article 36 of the Unlicensed Electricity Generation Regulation, which will be effective as of 01.01.2024, has been determined as follows.

Transaction Type	Cost (TL)
Share Transfer	0
Other Transactions	2183,7

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12316:

With the Board Decision numbered 12316 and dated 28.12.2023 of the Energy Market Regulatory Board published in the 2nd Repeated Official Gazette numbered 32415 and dated December 30, 2023, the transmission system usage and system operation tariffs to be applied as of 01.01.2024 have been approved on the basis of 15 regions, within the framework of the Transmission System System System Usage and System Operation Tariffs Calculation and Implementation Method Statement of the Board Decision for generators and consumers.

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12318:

With the Board Decision dated 28.12.2023 and numbered 12318 of the Energy Market Regulatory Board published in the 2nd Repeated Official Gazette dated December 30, 2023 and numbered 32415;

- (a) by distribution companies to distribution system users, by incumbent supply companies to i) non-eligible consumers (= Eligible Consumer Limit 2024: 950 kWh), ii) consumers who do not choose their supplier despite being eligible consumers, and iii) low consumption consumers defined within the scope of the Communiqué on Regulation of the End Source Supply Tariff
- (b) The tariff tables to be applied by the incumbent supply company to consumers opting for the green tariff as of 1/1/2024 have been approved.

Energy Market Regulatory Board Decision dated December 28, 2023 and numbered 12319:

With the Board Decision of the Energy Market Regulatory Board numbered 12319 and dated 28.12.2023 published in the 2nd Repeated Official Gazette numbered 32415 and dated December 30, 2023, the projected YEKDEM cost per unit energy amount supplied for 2024 has been approved as follows:

Months	2024 Projected YEKDEM Cost (TL/MWh)
January	208,35
February	263,87
March	323,22
April	306,84
May	391,74
June	376,78
July	257,13
August	217,37
September	225,77
October	299,44
November	220,28
December	179,51

Major Legislative Changes in the Electric Vehicle Charging Segment

According to Article 30 of the Charging Services Regulation published in the Official Gazette dated 02.04.2022 and numbered 31797, the "Charge@TR" open access platform, which covers publicly accessible charging stations in the networks of all charging network operators, has been made available to users by the Energy Market Regulatory Authority on 24.04.2023.

With the amendments made to the paragraph 4/(a) of Additional Article 5 of the Electricity Market Law No. 6446 by the Law on the Amendment of the Organized Industrial Zones Law and Some Laws No. 7451 published in the Official Gazette dated 10.04.2023 and numbered 32159, the Energy Market Regulatory Authority has been granted the authority to impose special conditions including commercial and technical requirements for license termination and revocation.

Paragraph 6 has been added to the Additional Article 5 of the Electricity Market Law No. 6446 by the Law on the Amendment of the Organized Industrial Zones Law and Some Laws No. 7451 published in the Official Gazette dated 10.04.2023 and numbered 32159. Legal entities whose licenses are revoked, the shareholders of such legal entity holding ten percent or more of its shares, and the chairman and members of the board of directors, including those who left office within the one year prior to the revocation of such license cannot obtain, or apply for, a license, nor directly or indirectly hold shares in legal entities which has applied for a license, or take office in the boards of directors thereof for a period of three years following the revocation.

Regulation on Amendments to the Charging Service Regulation was published in the Official Gazette dated 28.07.2023 and numbered 32262. Article 32 of the regulation introduces provisions related to the cancellation of charging network operator licenses for legal entities, including those with a ten percent or greater ownership stake in the legal entity, as well as board members who resigned within one year before the license cancellation date. According to these provisions, such individuals are prohibited from obtaining a charging network operator license, submitting license applications, having direct or indirect ownership stakes in entities applying for licenses, or serving on their management boards for a period of three years following the license cancellation. Additionally, Temporary Article 3 was added to the relevant Regulation, extending the deadline for the establishment of charging networks within the scope of license obligations to January 31, 2024.

Regulation on Amendments to the Workplace Opening and Operating Licenses was published in the Official Gazette dated 29.07.2023 and numbered 32263. Under these changes, non-independent charging stations located in other businesses and residential complexes can commence operations with an activity certificate. This certificate will be issued by metropolitan municipalities in metropolitan areas.

Regulation on Amendments to the Charging Service Regulation was published in the Official Gazette dated 09.08.2023 and numbered 32274. These amendments extend the deadline for submitting the necessary documents to the Authority for adding charging stations to the charging network until July 31, 2024.

Regulation on Amendments to the Renewable Energy Source Guarantee Certificate Regulation and the EPDK Decision numbered 12006, dated August 10, 2023, were published in the Official Gazette dated 17.08.2023 and numbered 32282. These regulations introduce the possibility for charging network operators to participate in the Renewable Energy Sources Guarantee System. Furthermore, it imposes an obligation on charging network operators to disclose and redeem YEK-G certificates to users who charge their electric vehicles at green charging stations.

Notification on Amendments to the Occupational Hazard Classifications for Workplace Health and Safety was published in the Official Gazette dated 11.08.2023 and numbered 32276. Under these amendments, charging station activities for electric vehicles are classified as "hazardous."

Regulation on Amendments to the Charging Service Regulation was published in the Official Gazette dated 17.08.2023 and numbered 32282. Under these changes, charging network operators are allowed to establish green charging stations. Green charging stations are defined as stations where the electricity used for charging services is produced from renewable sources and redeemed with a YEK-G certificate.

On Communiqué (Serial No: 550) on amendment to the General Communiqué of Tax Procedure Law (Serial No: 509) was published in the Official Gazette dated 07.10.2023 and numbered 32332. According to Communiqué, charging network operators are obliged to issue and transmit electronic documents (e-invoice, e-Archive Invoice) regardless of the amount subject to the obligation to issue invoices. The effective date of the relevant Communiqué is 02.01.2024.

General Communiqué of Tax Procedure Law (Serial No: 551) was published in the Official Gazette dated 07.10.2023 and numbered 32332. According to Communiqué, it was decided that the invoice regarding the charging service provided to electric vehicles should be issued at the time of delivery. Nonetheless, an exception has been introduced for the issuance of invoices every 7 days under certain conditions. Additionally, charging network operators are obliged to electronically report real-time information regarding charging services provided at the charging station and the information contained in the invoice to the Technology systems of the Revenue Administration. The effective date of invoice issuance is 02.01.2024, and the obligation of system integration came into effect on the publication date of the relevant Communiqué.

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

Within the period between 01.01.2023 and 31.12.2023, the Company made investment expenditures related to the concession agreement amounting to TL 17.342.431.000 (TL 13.563.795.000 of this investment amount consists of the main balance arising from the presentation before TAS 29 and TL 3.778.636.000 consists of the monetary loss gain arising from the 31.12.2023 purchasing power indexation presentation after TAS 29) and TL 2.089.021.000 of tangible and intangible assets.

c) 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. Full compliance to the International Audit Standards was certified again in 2023, with the independent quality assurance audit conducted by KPMG.

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.

d) 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:

	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest and voting power held by the Group (%)</u>		<u>Principal activity</u>
		<u>31 December 2023</u>	<u>31 December 2022</u>	
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	Renewable energy and energy efficiency solutions
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	100	94	Electric vehicles and charging stations services

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

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

f) Information on private audit conducted in the fiscal period:

None.

g) 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 01.01.2023 – 31.12.2023, which may adversely affect the financial situation and operations of the Company.

h) 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.

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

The Company has achieved its budgetary targets for the period of 01.01.2022 – 31.12.2022. Details are specified in the section of “Financial Situation” in the activity report as of 31.12.2022. The FY, 2023 performance of the Company is explained in the section of “Financial Situation” in this activity report for the period of 01.01.2023 – 31.12.2023.

j) If any extraordinary general assembly meeting has been held during the year, information on such extraordinary general assembly meeting including the date of the meeting, the decisions taken in such meeting and the related activities:

No such meeting has been held.

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

The Company has made donations and aids at the amount of TL 167,981,269 within the period of 01.01.2023 – 31.12.2023.

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

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

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

Enerjisa Enerji A.Ş. creates new financing sources through loans and bonds in Turkish Lira.

The Group has a total of TL 19,068,450,000 bonds (issued amount) in circulation as of December 31, 2023.

Issuer	Issue Amount (million TL)	Interest / Return Rate (%)	Issue Date	Redemption Date
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
Enerjisa Enerji A.Ş.	2,500	32.50%	27.01.2023	28.02.2024
Enerjisa Enerji A.Ş.	1,375	33.00%	03.03.2023	12.03.2025
Enerjisa Enerji A.Ş.	950	35.00%	06.04.2023	04.04.2025
Enerjisa Enerji A.Ş.	1,183	42.50%	21.06.2023	04.07.2025
Enerjisa Enerji A.Ş.	3.100	42.50%	17.07.2023	17.07.2025
Enerjisa Enerji A.Ş.	2.260	39.00%	09.08.2023	08.08.2025
Enerjisa Enerji A.Ş.	1.000	48.00%	20.09.2023	25.09.2025
Enerjisa Enerji A.Ş.	2.600	49.50%	02.10.2023	08.10.2025
Enerjisa Enerji A.Ş.	2.000	48.00%	25.10.2023	17.01.2025
Total	19,068			

n) 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/>

o) Events that occurred after the Balance Sheet Date:

The Energy Market Regulatory Authority (EMRA) has approved the pre-license application for solar energy-based storage power plant facility in Ankara province with installed capacity of 70 MWp / 50 MWe, submitted by Enerjisa Müşteri Çözümleri A.Ş., a subsidiary of our Company.

Enerjisa Enerji has issued a TL bond on 03.01.2024, amounting to TL 2,000,000,000 (full digit), with 730 days term, interest with TLREF+4,75% rate, redemption date of 02.01.2026, and with TRSENSA12613 code.

Enerjisa Enerji has issued a TL bond on 08.02.2024, amounting to TL 3,500,000,000 (full digit), with 728 days term, interest with TLREF+4,25% rate, redemption date of 05.02.2026, and with TRSENSA22612 code.

Mr. Attila Kiss to be appointed, as the Board of Directors' member in lieu of Mr. Johan Magnus Moernstam, who has resigned from the Board of Directors on March 1, 2024, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code and to be assigned as Vice-Chairman of Board of Directors, to be effective as of March 1, 2024.

p) Other issues not included in the financial statements, but useful to know for interested parties:

None.

q) 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 01.01.2023 - 31.12.2023 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 01.01.2023 - 31.12.2023, 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 01.01.2023- 31.12.2023.

r) Information on cross shareholding of subsidiaries with above 5% ownership:

There is no cross shareholding.

s) 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- FINANCIAL SITUATION

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

The figures provided in this section have been adjusted for inflation accounting and the 2022 figures have also been recalculated to reflect the purchasing power parity of 2023.

Operational Earnings (EBITDA + Capex reimbursements excluding exceptional items) of Enerjisa Enerji A.Ş. decreased by TL 7% annually from TL 29,110 million in 2022 to TL 26,939 million in 2023.

Distribution business unit's operational earnings accounted for 80% of Enerjisa Enerji's operational earnings in 2023. The main differences in the operational earnings of the Distribution business unit in 2023 compared to 2022 are mainly due to:

- **Financial Income:** Financial income increased by 23% annually reaching TL 14,666 million.
- **CAPEX Reimbursements:** Capex reimbursements increased by 8% from TL 7,832 million in 2022 to TL 8,496 million in 2023.
- **Efficiency & Quality Earnings:** Total Efficiency & Quality item was realized as TL -2,139 million mainly due to the increase in operational expenses (2022: TL 2,463 million)
- **Tax Correction:** Tax Correction was realized as TL 0 (2022: TL 933 million)
- **Other Items:** Other items were realized as TL 717 million (2022: TL 747 million).

The contribution of the Retail and Customer Solutions business unit in operational earnings was 20% in 2023. The gross profit of the regulated market has decreased by 19% on an annual basis from TL 5.724 billion in 2022 to TL 4.609 billion in 2023, due to the weighted average cost of energy supply increasing at a rate lower than inflation and the reduced impact of some of the support mechanisms to keep the tariff low, along with a higher volume of energy supply from EÜAŞ. Meanwhile, liberalised gross profit decreased in real terms by TL 310 million to TL 1,568 million again due to lower real margins driven by the cost of energy supply increasing at a rate lower than inflation.

In contrast to the difficult market conditions in terms of margins, Enerjisa Enerji was able to increase its electricity volumes sold in both markets. Regulated segment sales increased by 10% from 27.5 TWh in 2022 to 30.4 TWh in 2023. Meanwhile, liberalised segment's sales were realized as 12.8 TWh in 2023 compared to 11.7 TWh in 2022 (9% yoy growth).

The operational earnings of the emerging Customer Solutions business increased in real terms by TL 1.131 billion to TL 1.171 billion (2022: TL 40 million), due to the increased demand for charging services in parallel with the number of electric vehicles and the solar panel and energy efficiency offered to B2B customers.

Enerjisa Enerji A.Ş. Underlying Net Income decreased by 22% in real terms from TL 4,293 million in 2022 to TL 3,367 million in 2023. Below operational earnings line, the main effects in real terms were as follows:

- TL 301 million lower net loan and bond interest expenses
- TL 615 million higher operational FX losses
- TL 798 million higher other financial expenses
- TL 3,896 million lower monetary loss

The average financing rate increased from 28.8% in 2022 to 38.1% in 2023. Economic Net debt (financial net debt in addition to lease liabilities and customer deposits) increased from TL 15.2 billion at 2022 year-end to TL 36.0 billion at 2023 year-end.

Net Financial Debt/Operational Earnings increased from 0.7x in December 2022 to 1.1x in December 2023.

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

The figures provided in this section have been adjusted for inflation accounting and the 2022 figures have also been recalculated to reflect the purchasing power parity of 2023.

The Company's gross profit in 2023 is TL 25.555 million (2022: TL 23,200 million). The Company's net debt / (net debt + equity) ratio as of year-end 2023 has been recorded as 33,6% (December 31, 2022: 23,8%).

There is no revenue risk predicted for the Company.

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

The Company is not in a deep-in-debt (technical bankruptcy) situation according to the evaluations made pursuant to Article 376 of the Turkish Commercial Code.

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

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

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

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

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/2633/dividendpolicy2023.pdf>

Cash dividend of TL 2,716,458,624.38 in total, which was decided to be distributed at the 2022 Ordinary General Assembly Meeting dated March 29, 2023, was distributed from April 12, 2023 onwards.

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

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

7- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY

a) Board of Directors Meetings

As of December 31, 2023, 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 95%.

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 Manager. The Committee is chaired by an independent Board Member.

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

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

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

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

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

The Corporate Governance Committee had 4 meetings in 2023.

Corporate Governance Committee members are as follows:

Name Surname	Duty	Duty in the Board
Kamuran Uçar	Corporate Governance Committee Chairperson	Independent Board Member
Guntram Würzburg	Corporate Governance Committee Member	Board member
Yeşim Özlale Önen	Corporate Governance Committee Member	Board member
Burak Şimşek	Corporate Governance Committee Member	Investor Relations Manager (Acting)

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 Members (including two independent members) and the Committee is chaired by an independent Board member. Aside from receiving regular Risks and Opportunities Report, each meeting agenda includes an in-depth review of a prioritized topic. The 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 meetings and report circulations to the committee are organized at least 6 times per year. In this context, it was held 8 times in 2023.

ERDC members are as follows:

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, 4 Audit Committee meetings were held in 2023. 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	Committee Member	Independent Board Member

7.2. Risk Assessment

a) Risk Management Approach

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

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

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

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

b) Risk Governance Structure

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

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

c) Risk Management Procedure

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

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

d) Basic Categories of Risk and Opportunity

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

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

Financial Risks and Opportunities

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

i. Regulatory Risks and Opportunities

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

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

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

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

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

ii. Market Risks and Opportunities

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

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

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

iii. Credit Risks and Opportunities

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

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

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

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

iv. Liquidity Risk

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

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 risks and opportunities which financial impact cannot be measured are grouped under 5 headings as Occupational Health and Safety (which mostly pertains to the distribution business), Environment, Information Technologies, Economic (without material impact) and Reputation and are examined with mitigation plans. In 2023, the following 3 risks and opportunities have been prioritized.

i. Occupational Health and Safety Risks and Opportunities

Enerjisa Enerji works to a goal of zero critical accidents. OHS risks and opportunities are managed within the scope of the ISO 45001:2018 Health and Safety Management System Standard. As stated in the OHS policy committed by the senior management, Enerjisa Enerji considers that occupational accidents are preventable and takes proactive actions accordingly.

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

Enerjisa Enerji attaches great importance to the protection of biodiversity to minimize the potential negative impacts of its activities on natural life. In 2020, Enerjisa Enerji prepared a "Biodiversity Conservation Action Plan" for three distribution regions within the scope of the loan study carried out with the European Bank for Reconstruction and Development (EBRD). It is aim to comply with the legal requirements arising from national legislation as well as international obligations with this valid plan. The projects carried out by the Company for the protection of biodiversity are as follows: High Voltage Aerial Line Insulator Project, Bird Deterrent, Bird Deflector. In 2023, more than 12,000 insulators were insulated and more than 10,000 bird deflectors were used to protect biodiversity.

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 process, under heading of Risk and Opportunities, the definitions of risk and opportunity, the financial effects of risk and opportunity, methods of combating risk and the costs of these methods studies were reported. 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.

In 2023, under the leadership of the TCFD Working Group, we aligned our sustainability report with TCFD. We evaluate our climate risks and opportunities in accordance with the TCFD (The Task Force on Climate-related Financial Disclosures) framework and requirements. In this context, primarily two climate scenarios are taken into account. In this way, possible physical and transition risks and opportunities are determined by taking into account the priorities of all our business units and by discussing with the relevant responsible people in the business units. Taking into account all impacts related to these risks and opportunities, they are ranked according to their degree of impact. Mitigation actions and measures regarding risks and opportunities are determined. Precautions and actions are followed and current risk and opportunity scores are periodically reviewed.

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.

We are committed to reducing our Scope 1 and 2 emissions by 30% compared to the 2021 base year and aligning our business with the Net Zero journey by 2050 with our Climate Strategy document approved by management.

We started the Net Zero Phase II process by creating our current working groups following the Net Zero Phase I process, which was successfully completed in line with the company's decarbonization targets. All studies are continuing under the leadership and follow-up of the Biodiversity, Circular Economy, EU Taxonomy, International Reporting Standards, TCFD and Scope 3 working groups within the scope of the Phase II process.

iii. Information Technologies 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, rules 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 Law on the Protection of Personal Data and provides trainings to its employees and suppliers 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. In addition, the Company also has cyber risk insurance.

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

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>

9- CORPORATE GOVERNANCE AND SUSTAINABILITY REPORTS

The Corporate Governance Principles Compliance Report and Corporate Governance Information Form for the accounting period of 2023, 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 8 March 2024, were published on the Public Disclosure Platform on 08 March 2024. 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 8 March 2024.

10- APPENDICES

Consolidated Financial Statements
Operational Earnings and Underlying Net Income Calculations
The Declarations of Independence

Best regards,

Report date: 08.03.2024

Murat Pınar
CEO

Dr. Philipp Ralph Ulbrich
CFO

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2023 unless otherwise indicated. Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Audited / current period 31 December 2023	Audited / prior period 31 December 2022
ASSETS		
Current Assets	40,685,994	36,795,156
Cash and Cash Equivalents	4,501,245	13,793,119
Financial Assets from		
Service Concession Arrangements	5,959,474	5,507,378
Trade Receivables	15,533,062	9,371,510
<i>Due from Related Parties</i>	<i>105,510</i>	<i>61,314</i>
<i>Due from Third Parties</i>	<i>15,427,552</i>	<i>9,310,196</i>
Other Receivables	5,480,645	3,068,579
<i>Due from Third Parties</i>	<i>5,480,645</i>	<i>3,068,579</i>
Derivative Financial Instruments	570,169	386,564
Inventory	3,946,596	3,099,626
Prepaid Expenses	1,416,973	726,389
Assets Related with Current Taxes	946,455	729,845
Other Current Assets	2,331,375	112,146
Non-Current Assets	91,410,410	89,328,504
Trade Receivables	822,858	179,731
<i>Due from Related parties</i>	<i>76,016</i>	<i>39,139</i>
<i>Due from Third parties</i>	<i>746,842</i>	<i>140,592</i>
Other Receivables	2,360,391	7,871,074
<i>Due from Third Parties</i>	<i>2,360,391</i>	<i>7,871,074</i>
Derivative Financial Instruments	4,740	19,190
Financial Assets from		
Service Concession Arrangements	25,798,733	19,427,004
Right of Use Assets	889,479	942,096
Property, Plant and Equipment	6,589,495	5,879,653
Intangible Assets	33,784,750	35,398,011
<i>Goodwill</i>	<i>1,978,878</i>	<i>1,978,878</i>
<i>Other Intangible Assets</i>	<i>31,805,872</i>	<i>33,419,133</i>
Prepaid Expenses	101,650	25,958
Deferred Tax Assets	21,030,727	19,564,845
Other Non-Current Assets	27,587	20,942
TOTAL ASSETS	132,096,404	126,123,660

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2023 unless otherwise indicated. Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Audited / current period 31 December 2023	Audited / prior period 31 December 2022
LIABILITIES		
Current Liabilities	48,003,993	51,501,244
Short-Term Financial Liabilities	7,239,168	13,480,547
Short-Term Portion of Long Term Financial Liabilities	12,930,598	11,517,732
Other Financial Liabilities	139,923	136,247
Trade Payables	16,209,264	11,158,918
<i>Due to Related Parties</i>	147,971	512,002
<i>Due to Third Parties</i>	16,061,293	10,646,916
Payables for Employee Benefits	669,393	391,075
Other Payables	8,990,342	8,846,730
<i>Due to Related Parties</i>	20,700	3,996
<i>Due to Third Parties</i>	8,969,642	8,842,734
Derivative Financial Instruments	45,183	169,650
Deferred Income	31,605	56,995
Income Tax Liability	36,581	3,133,635
Short-Term Provisions	1,096,964	834,295
<i>Provisions for Employment Benefits</i>	447,879	223,079
<i>Other Short-Term Provisions</i>	649,085	611,216
Other Short-Term Liabilities	614,972	1,775,420
Non-Current Liabilities	26,317,945	15,784,330
Long-Term Financial Liabilities	13,181,425	6,465,131
Other Financial Liabilities	769,432	838,838
Deferred Income	3,102,612	-
Long-Term Provisions	1,349,248	1,900,240
<i>Provisions for Employment Benefits</i>	1,349,248	1,900,240
Deferred Tax Liabilities	7,915,228	6,577,279
Other Long-Term Liabilities	-	2,842
TOTAL LIABILITIES	74,321,938	67,285,574

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2023 unless otherwise indicated. Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Audited / current period 31 December 2023	Audited / prior period 31 December 2022
LIABILITIES		
Equity	57,774,466	58,838,086
Registered Share Capital	1,181,069	1,181,069
Adjustments to Share Capital	8,979,241	8,979,241
Share Premium	21,716,049	22,277,172
Total Share Capital	31,876,359	32,437,482
Other Funds	15,986	15,986
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	47,363	1,650,421
<i>Hedge Reserves</i>	<i>47,363</i>	<i>1,650,421</i>
Restricted Profit Reserves	2,465,820	2,332,161
Retained Earnings	18,851,612	1,767,476
(Loss) / Profit for the Period	4,517,326	20,634,560
TOTAL LIABILITIES AND EQUITY	132,096,404	126,123,660

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL at 31 December 2023 unless otherwise indicated. Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Audited / current period 1 January - 31 December 2023	Audited / prior period 1 January - 31 December 2022
Revenue	168,664,639	163,312,312
Cost of Sales (-)	(143,110,160)	(140,112,627)
GROSS PROFIT	25,554,479	23,199,685
General Administrative Expenses (-)	(11,501,206)	(9,178,811)
Other Income from Operating Activities	7,299,722	8,609,695
Other Expenses from Operating Activities (-)	(6,457,020)	(4,857,533)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)	14,895,975	17,773,036
Finance Income	1,963,791	499,975
Finance Expense (-)	(9,544,474)	(8,159,586)
Monetary Gain / (Loss)	(2,046,821)	(5,944,290)
PROFIT BEFORE TAX	5,268,471	4,169,135
Tax Expense	(751,145)	16,465,425
Current Tax Expense (-)	(374,075)	(4,528,512)
Deferred Tax Income / (Expense)	(377,070)	20,993,937
PROFIT / (LOSS) FOR THE PERIOD	4,517,326	20,634,560
OTHER COMPREHENSIVE INCOME AND EXPENSE		
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	(1,603,058)	(1,406,345)
<i>Gains / (Losses) on Hedges</i>	<i>(2,108,060)</i>	<i>(1,835,730)</i>
<i>Income Tax Relating to Other Comprehensive Income</i>	<i>505,002</i>	<i>429,385</i>
TOTAL COMPREHENSIVE INCOME	2,914,268	19,228,215
Earnings / (Loss) per share		
Earnings / (Loss) per share (kr)	3.82	17.47

OPERATIONAL EARNINGS AND UNDERLYING NET INCOME CALCULATION

(TL million)	1 January- 31 December 2023	1 January- 31 December 2022
Operating profit before financial income/(expense)	14,896	17,773
Adjustment of depreciation and amortization	3,328	3,008
Adjustments related to operational fx losses	1,165	550
Adjustments related to interest income related to tariff receivables	- 1,258	- 1,892
EBITDA	18,131	19,439
Capex reimbursements	8,496	7,832
EBITDA + Capex reimbursements	26,627	27,271
Non-recurring (income) / expense	312	1,839
Operational Earnings	26,939	29,110
 Reported Net Income	 4,517	 20,635
Non-recurring (income) / expense	- 1,051	1,462
Tax rate change	- 1,478	512
Impact of asset revaluation	1,379	- 18,316
Underlying Net Income	3,367	4,293

Operational Earnings refers to EBITDA plus CAPEX reimbursements excluding exceptional items. Enerjisa Enerji distribution companies are subject to the application of TFRIC12 (a TFRS standard that governs accounting for service concession arrangements). Accordingly, the Company accounts its license to operate and invest in the networks as a financial asset. This asset is not depreciated. Accordingly, P&L does not include depreciation expenses of networks. Similarly, P&L also excludes the reimbursement of CAPEX (i.e. the depreciation allowance) as a revenue item. This means that the Company's EBITDA figure is not comparable to international peers that do not apply TFRIC12 accounting and the management uses Operational Earnings as a KPI for comparability.

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

DECLARATIONS OF INDEPENDENCE

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an “independent member” on the Board of Directors of **Enerjisa Enerji 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 Turkey 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 the 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 Yardım

26 Ocak 2021

STATEMENT 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 Turkey 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

