



**ENERJİSA**  
Türkiye'nin Enerjisi  
Energy of Turkey

# **ENERJİSA ENERJİ ANONİM ŞİRKETİ**

## **ACTIVITY REPORT FOR THE PERIOD OF 01.01.2020 – 30.09.2020**

## 1- GENERAL INFORMATION

<b>a) Accounting period that the report relates to</b>	: 01.01.2020 – 30.09.2020
<b>b) Trade-name of the Company</b>	: ENERJİSA ENERJİ ANONİM ŞİRKETİ
<b>Trade registration number</b>	: 800865
<b>Head office contact details and website address</b>	: 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 : <a href="http://www.enerjisa.com.tr">www.enerjisa.com.tr</a>

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

#### **Members of the Board of Directors:**

The members of the Company's Board of Directors and independent board members are as follows:

- Kivanç ZAIMLER - Chairman
- Eric René C. DEPLUET, Ph.D. - Vice Chairman
- Barış ORAN - Member
- Hakan TİMUR - Member
- Johan Magnus MOERNSTAM - Member
- Eva-Maria Verena VOLPERT, Ph.D. - Member
- Fatma Dilek YARDIM - Independent Board Member
- Mehmet SAMİ - Independent Board Member

At the 2019 Ordinary General Assembly meeting held on March 23, 2020; it was decided to approve the appointment of Hakan TİMUR in lieu of Cenk ALPER, who resigned from being the member of the Board of our Company until the Ordinary General Assembly for 2021 where the results of 2020 activities will be reviewed.

In the meeting held by our Company's Board of Directors, the Board of Directors decided to accept Mr. Manfred Michael PAASCH's resignation from his position and to appoint Mr. Johan Magnus MOERNSTAM as a Member of the Board of Directors of Enerjisa Enerji A.Ş. as of 1 August 2020.

## Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2019		30.09.2020	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	472,427,587.56	40.0	472,427,587.56	40.0
DD Turkey Holdings S.A.R.L.	472,427,587.56	40.0	472,427,587.56	40.0
Other (Public)	236,213,792.00	20.0	236,213,792.00	20.0
<b>TOTAL</b>	<b>1,181,068,967.12</b>	<b>100.0</b>	<b>1,181,068,967.12</b>	<b>100.0</b>

## Changes that occurred in the Company Capital during the Period:

Not available.

**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:**

As of 30 September 2020 the organization of Enerjisa management is as below:

CEO MURAT PINAR	CFO DR. MICHAEL MOSER
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The Group has 10,368 employees as of 30.09.2020.

**f) Rights and benefits granted to employees:**

Annual base remuneration consists of 12 base salaries.

**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 01.01.2020 – 30.09.2020, the members of our Board of Directors neither executed any transaction with the company, nor been involved in any attempts that can compete with the company in its fields of operation. In addition, a board of directors decision was taken in December 2019, stating that the members of the board of directors of the Company did not engage in any activity that would create a conflict of interest with the Company during their term of office.

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

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

	1 January - 30 September 2020	1 January - 30 September 2019
Short-term employee benefits	25.124	21.813
Long-term employee benefits	702	511
	<u>25.826</u>	<u>22.324</u>

## 3- RESEARCH AND DEVELOPMENT ACTIVITIES

There are no research and development activities conducted by the Company during the period of 01.01.2020 – 30.09.2020.

## 4- COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS

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

International credit rating agency Fitch Ratings has affirmed the National Long-Term Ratings of Enerjisa Enerji A.Ş. and its subsidiary, Başkent Elektrik Dağıtım A.Ş. at 'AA (tur)' with Stable Outlooks on 17 January 2020.

The Company held its Ordinary General Assembly for 2019 on March 23, 2020. The minutes of the meeting were announced to the public on our website and at the Public Disclosure Platform (PDP). According to the decision taken at the meeting:

Pursuant to a review of the Consolidated Financial Statements for the year 2019 prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to propose to the General Assembly to distribute profit as follows from TL 1,033,622,000.00 Consolidated Net Profit incurred between 01.01.2019 - 31.12.2019;

- Payment of Gross TL 708,641,380.27 dividend in cash (Gross %60, net %51) to the shareholders who are representing the TL 1,181,068,967.12 capital,
- To reserve the remaining amount as extraordinary reserves,
- It was resolved to propose the General Assembly to distribute the cash dividend, beginning from 1 April 2020.

Dividends derived from the Group's distributable earnings at 2019 have been distributed within April.

The Competition Board decided to conduct an examination for electricity distribution and electricity retail sales companies in Istanbul Anatolian Side, Ankara and Toroslar electricity distribution regions, whether the Article 6 of the Law on the Protection of the Competition was breached, in December 28, 2016. Following the examination, the Competition Board decided to impose an administrative fine with the decision dated 08.08.2018 and 18-27/461-224, in the amount of TL 143,061,738.12 to İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa

Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. A 25% discount was applied to the relevant fine and the fine was reflected as a one-time expense in the amount of TL 107,296,303.59 under 2018 annual financial results, while the underlying net income was not affected.

A cancellation lawsuit was filed against the decision of the Competition Board by the relevant companies on April 5, 2019. The judgment process of the first degree court is concluded. With the decision of 13th Ankara Administrative Court dated 16.07.2020 and numbered E.2019/1970 K.2020/1319, E.2019/1956 K.2020/1317 and E.2019/1969 K.2020/1318, the lawsuits filed by Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. has been rejected. The decisions were delivered on 6 October 2020. The request of appeal will be made against the decisions of the Court of First Instance within 30 days from the notification of the decisions.

However, with the decision of the same court dated 16.07.2020 and numbered E.2019/660 K.2020/1315, the lawsuit filed by İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. was accepted. The decision was received on October 6, 2020. The Competition Authority may appeal against the decision within 30 days from the notification of the decision.

In accordance with the article 28 of the Administrative Jurisdiction Procedures Law, an application was made to the relevant tax office on October 8, 2020 for the refund of TL 7.973.040.71 paid at 25% discount on March 7, 2019. The transactions are commenced for the refund of the payment, as of October 20, 2020 and these refund transactions are being carried out currently.

At the 2019 Ordinary General Assembly meeting held on March 23, 2020, the amendment in the Remuneration Policy for the Board of Directors and Executives of the Company has been accepted.

#### **b) Information on the operational developments during the related fiscal period:**

**Operational earnings** (EBITDA + Capex reimbursements excluding one-off items) of Enerjisa Enerji A.Ş. increased by TL 701 million (+20%) from TL 3,487 million in 9M2019 to TL 4,188 million in 9M2020.

Distribution business unit's operational earnings account for 85% of Enerjisa Enerji's operational earnings as of 9M2020. The main differences in the operational earnings of the Distribution business unit in 9M2020 compared to the same period of last year are mainly due to:

- **Financial Income:** TL 190 million higher financial income mainly driven by higher Regulatory Asset Base (RAB), which grew from TL 8.4 billion in FY2019 to TL 9.7 billion in 9M2020.
- **CAPEX Reimbursements:** TL 213 million increase in Capex reimbursements from TL 793 million in 9M2019 to TL 1,006 million in 9M2020 due to higher RAB.

The contribution of the Retail business unit in operational earnings increased by 2ppt yoy to 15% in 9M2020, driven mainly by the increase in gross profit of the free market segment. While the free market segment gross profit increased by TL 269 million from TL 37 million in 9M2019 to TL 306 million in 9M2020, the regulated market gross profit decreased by TL 21 million to TL 554 million in the same period.

Regulated segment sales decreased by 21% from 25.1 TWh in 9M2019 to 19.8 TWh in 9M2020. Liberalised segment sales increased by 135% from 2.5 TWh in 9M2019 to 5.8 TWh in 9M2020. The main driver behind this increase, has been the corporate and SME customers switching from the regulated segment to the liberalised segment.

Enerjisa Enerji A.Ş. **Underlying Net Income** increased by TL 618 million from TL 798 million in 9M2019 to TL 1,416 million in 9M2020. Below Operational earnings, the main effects were as follows:

- TL 267 million lower net loan interest expenses driven by lower weighted average loan financing cost.
- TL 24 million higher bond interest expense and TL 43 million higher deposit valuation expenses both due to higher CPI change.(Past year:+4.5% vs. this year+7.6%)

The average cost of financing from loans has decreased from 18.5% in 9M2019 to 12.5% in 9M2020, whilst in the same period the average cost of bond financing increased from 10.9% to 14.7%.

Economic Net debt (including non-financial net debt, including lease liabilities and customer deposits) increased from TL 10.6 billion in 2019 to TL 11.7 billion in 9M2020.

The Company has announced its year end guidance as; growth above inflation rate in “Operational Earnings”, around 40% growth in “Underlying Net Income”, “RAB” around TL 9.7 billion and “Free Cash Flow After Interest and Tax” at least at low three digit million TL level.

#### **c) Information on the investments made by the Company during the related fiscal period:**

As of September, 30, 2020, Enerjisa with 11.4 million distribution connection points and with approximately 10.0 million customers is the leading downstream electricity company. The activities conducted by our Company, i.e. the umbrella company housing under its structure the operational companies such as İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (İstanbul Anatolian Side Electricity Distribution Co.), Başkent Elektrik Dağıtım A.Ş. (Başkent Electricity Distribution Co.), Toroslar Elektrik Dağıtım A.Ş. (Toroslar Electricity Distribution Co.), Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (İstanbul Anatolian Side Electricity Retail Sales Co.), Enerjisa Başkent Elektrik Perakende Satış A.Ş. (Enerjisa Başkent Electricity Retail Sales Co.), Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (Enerjisa Toroslar Electricity Retail Sales Co.), Enerjisa Müşteri Çözümleri A.Ş. (Enerjisa Customer Solutions) and E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Electric Vehicles and Charging Stations Co.). Our Company does not make any direct investment, but participate in the operational companies under its structure.

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

##### **Audit Committee:**

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

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, three audit committee meetings was held in the period of 01.01.2020 – 30.09.2020. 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.

The dates of the Audit Committee are as follows:

Meeting Date	Members Participation	In-Depth Review Topic
05.02.2020	Fatma Dilek Yardım Mehmet Sami Okan Gün	Briefing on audit and examination activities Presenting financial tables Presenting the results of audit report
13.04.2020	Fatma Dilek Yardım Mehmet Sami Okan Gün	Briefing on audit and examination activities Presenting financial tables
16.07.2020	Fatma Dilek Yardım Mehmet Sami Okan Gün	Briefing on audit and examination activities Presenting financial tables

Audit Committee Members are as follows;

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardım	Chairperson	Independent Board Member
Mehmet Sami	Member	Independent Board Member

### **Internal Audit:**

Enerjisa 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 Senior Management. Each year, the audits within the scope of the approved audit plan are performed in accordance with international audit standards and COSO (Committee of Sponsoring Organizations of the Treadway Commission) requirements. This confirmation is certified through the independent quality assurance assessment performed in 2018.

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

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

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

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

**f) Information on the own shares of the company acquired:**

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

**g) Information on private audit conducted in the fiscal period:**

The interim condensed consolidated financial reports of our Company for the period of 01.01.2020 – 30.09.2020 prepared in accordance with IFRS was not audited by independent auditors.

**h) 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 01.01.2020 – 30.09.2020, which may adversely affect the financial situation and operations of the Company.

**i) 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.

**j) 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:**

There has been no major deviation from our Company's budgetary targets for the period of 01.01.2020 – 30.09.2020.



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

None.

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

Our Company has made donations and aids at the amount of TL 1,223,419 within the period of 01.01.2020 – 30.09.2020.

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

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

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

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

Additionally, the Group has a total of TL 1,002,000,000 bonds (issued amount) in circulation as of 30 September, 2020.

**o) Events that occurred after the Balance Sheet Date**

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

Our fully owned subsidiary Enerjisa Müşteri Çözümleri (Enerjisa Customer Solutions), was granted a 30-year natural gas wholesale license by EMRA with the Decision No. 42772 dated 09.10.2020.

**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 (ı) was performed or taken or avoided:**

To the best of our knowledge of current conditions, the legal actions taken by our Company with the controlling companies or any of their subsidiaries or in favour 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 favour of the controlling companies or any of their subsidiaries in the fiscal period of 01.01.2020 – 30.09.2020 were evaluated in the form of a report under the scope of all transactions performed between our Company and the controlling company and its affiliated companies during the Fiscal Period of 01 January 2020 – 30 September 2020, which were conducted in full conformity with the honest and fair accounting principles according to the conditions well known to us. Our company did not suffer any loss resulting from any transaction executed under known conditions in connection with the Fiscal Period of 01.01.2020 – 30.09.2020.

## **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:**

Our Company's financial results for the period of 01.01.2020 – 30.09.2020 are provided in the enclosed Balance Sheet and Income Statement.

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

The Company's gross profit as of 30 September 2020 is TL 4,666,928,000. The Company's net debt to equity ratio has been recorded as 57% in the period of 01.01.2020 – 30.09.2020.

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.

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

None.

## **7- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY**

### **a) Risk Management Framework of Enerjisa**

Enerjisa's Risk Management Framework aims to define all risks and opportunities, which may cause a deviation from financial, operational and strategic plans and enables to assess, classify and mitigate these risks through various methodologies. The ultimate goal of the framework is to provide transparency to management functions and influence decision making processes via regular reporting.

All risks and opportunities are identified through a detailed assessment process. For each risk and opportunity, best, base and worst cases are simulated with their probability of occurrence. For the risks that are not easy to quantify, impact and occurrence levels are defined based on other approaches and prioritised accordingly. These assessments form the basis of the Enerjisa Risks and Opportunities reporting, which is presented to top management as well as to the Enerjisa Early Risk Detection Committee.

## **b) Key Risks and Opportunities**

Due to the nature of the electricity distribution and retail business, Enerjisa is exposed to various risks and opportunities throughout the value chain. Based on their sources, risks and opportunities are classified in five categories and monitored accordingly.

### **i. Regulatory Risks and Opportunities**

The electricity distribution and retail businesses are regulated businesses under the supervision of EMRA and are governed by the Electricity Market Law and relevant secondary regulations. For regulated customers Enerjisa applies the National Tariff which is determined by EMRA. The National Tariff is composed of tariffs which will be applied to transmission and distribution line users. EMRA determines the components of the National Tariff for each tariff implementation period, and the 3rd tariff implementation period covers the period between 01.01.2016 and 31.12.2020. In this period, revenue and / or price cap for regulated activities are determined by EMRA considering all costs and services for carrying out the related activity and are reflected to the end consumer through the national tariff mechanism.

As the majority of Enerjisa revenue is generated from our electricity distribution operations and retail sales to regulated customers, which are both subject to regulated tariffs set by EMRA, any change on these tariff components and/or calculation methodologies mean a significant deviation from Enerjisa plans.

Additionally, the regulations issued by EMRA, among other matters, impose organizational and operational restrictions on, and requirements with respect to our electricity distribution and retail sales operations. These requirements and restrictions are audited by regulatory authorities (mainly by EMRA) and any non-compliance detected upon these audits may have an adverse effect on Enerjisa financial and operational plans.

Enerjisa engages in regular and constructive consultations with sector participants to monitor regulatory related risks and opportunities. Additionally, through transparent reports and structured projects, Enerjisa, as the market leader, actively seeks a rational fact-based discussion with all sector participants.

### **ii. Market Risks and Opportunities**

Enerjisa is subject to financial market risks relating to interest rate fluctuations due to our financial borrowings as well as foreign exchange rate fluctuations due to Feed-in-Tariff regulation.

Enerjisa is also subject to commodity market risks related to OTC price and volume fluctuations due to our sourcing strategy for retail sales business and other commodity price fluctuations due to our raw material procurements (transaction are in local currency, but highly correlated with related commodity prices) for the Distribution business.

Enerjisa uses systematic approaches to forecast market parameters such as price, rates, demand etc. Existing and expected exposures are monitored regularly and through hedging operations the risk exposure is kept at an optimum level. Hedging strategies, their effectiveness and further plans are discussed regularly in the Finance Committee and Commodity Risk Committee.

iii. Credit Risks and Opportunities

Enerjisa retail companies are exposed to counterparty credit risk with respect to the collection of invoices for regulated and liberalized customers.

Enerjisa Distribution companies are exposed to credit risk mainly due to companies engaged in retail electricity sales (system usage receivables) and the collection of invoices for illegal and unlawful electricity consumption through the distribution system of related regions.

Enerjisa manages credit risks by requiring security deposits from regulated customers and letters of guarantee or other form of securities from liberalised customers to secure present and future invoices. Timely invoicing, efficient receivable management and credit scoring of large customers enables Enerjisa to mitigate credit risk as much as possible.

For the mitigation of financial counterparty credit risks, apart from reporting and monitoring activities, Enerjisa is exclusively engaging with counterparties that have a rating of no more than 2 notches below the Turkish sovereign rating. Moreover, diversification of banks in the portfolio of financial hedging instruments as well as cash deposits is ensured.

iv. Liquidity Risk

Enerjisa is exposed to liquidity risk due to the ongoing funding needs which arise from Distribution network investments. While Enerjisa expects that these funding needs can be covered by external debt capital providers, market situations may arise in which conventional sources of liquidity are limited.

Enerjisa manages liquidity risk by actively seeking to extent average tenors of the loan portfolio as well as to develop alternative sources of debt capital (e.g. corporate bonds). Furthermore, Enerjisa regularly forecasts short and mid-term funding needs in order to anticipate liquidity needs in time to prepare and act accordingly.

v. Operational Risks

All processes throughout the value chain in Enerjisa are exposed to operational risks such as Economic Information Technologies/ Cyber/ Information Security, Health&Safety&Environment and Reputation risks are the main categories that are identified and managed accordingly.

For all types of operational risks, relevant procedures and policies are structured and published in Enerjisa's quality systems. Committees are assigned to review all event occurrences and to monitor existing mitigation actions.

**c) Enerjisa Risk Monitoring Procedure**

All risks and opportunities are identified through a detailed assessment process. For each risk and opportunity, best, base and worst cases are simulated with their probability of occurrences. Correlations are considered during consolidation of risk and opportunity impacts. For the risks that are not easy to quantify, impact and occurrence levels are defined based on other approaches and prioritized accordingly. These assessments form the basis of the Enerjisa Risks and Opportunities reporting, which is presented to top management as well as to the Enerjisa Early Risk Detection Committee.

#### d) Enerjisa Early Risk Detection Committee

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

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

The meetings of the Committee are organized at least four times (once every three months around quarter closings) per year. As of nine months of 2020, the Early Risk Detection Committee had three physical meetings and two report circulations. Meeting and report circulation dates, members participation and in-depth review topics have been the following:

<b>Meeting Date</b>	<b>Members Participation / Report Recipients</b>	<b>In-Depth Review Topic</b>
6 February 2020	Dilek Yardım Mehmet Sami Hakan Timur Eric Depluet	Crisis Management and Emergency Response Plans
12 March 2020 (Report Circulation)	Dilek Yardım Mehmet Sami Hakan Timur Eric Depluet	Covid 19 Scenarios and Financial Impacts
21 April 2020	Dilek Yardım Mehmet Sami Eric Depluet	Business Continuity Management and Covid Applications, Enerjisa Insurance Universe
15 June 2020 (Report Circulation)	Dilek Yardım Mehmet Sami Hakan Timur Eric Depluet	H1 Qualitative Risk Report, IT Control Environment, June Risk Management Highlights
16 July 2020	Dilek Yardım Mehmet Sami Eric Depluet	BCM Highlights, IT Control Environment

## e) Enerjisa Corporate Governance Committee

Following the IPO in February 2018, the Corporate Governance Committee has been enacted at the General Assembly Meeting held on March 29th, 2018. Members of the committee are selected board members, as well as the Enerjisa CFO and 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.

The meetings of the Committee are organized at least four times (once every three months around quarter closings) per year. As of nine months of 2020, the Corporate Governance Committee had three physical meetings. Meeting and report circulation dates and in-depth review topics have been the following:

<b>Meeting Date</b>	<b>Members Participation</b>	<b>In-Depth Review Topic</b>
5 February 2020	Mehmet Sami Michael Moser Manfred Paasch Hakan Timur	Corporate Communications, Human Resources and Investor Relations Presentations Future of the Committee ESG Reporting
7 April 2020	Mehmet Sami Michael Moser Manfred Paasch Hakan Timur	Corporate Communications, Human Resources and Investor Relations Presentations Post Covid 19 Governance Measures
16 July 2020	Mehmet Sami Michael Moser Manfred Paasch Hakan Timur	Corporate Communications, Human Resources and Investor Relations Presentations Rethinking Investor Reach a) ESG Investing Landscape b) Shifting Cash Equity Ownership in Turkey

Best regards,

**Report date: 03.11.2020**

Murat Pınar,  
CEO

Dr. Michael Sven Moser,  
CFO

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

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

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

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

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

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

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



## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

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

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

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

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

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