



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

# **ENERJİSA ENERJİ ANONİM ŞİRKETİ**

**ACTIVITY REPORT  
FOR THE PERIOD OF  
01.01.2021 – 30.06.2021**

**(Convenience translation of a report originally issued in Turkish)**

**REVIEW REPORT ON COMPLIANCE OF INTERIM OPERATING REPORT**

**To the Board of Directors of Enerjisa Enerji A.Ş.**

We have been engaged to perform a review on the compliance of the financial information included in the accompanying interim operating report of Enerjisa Enerji A.Ş. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2021, with the interim condensed consolidated financial statements, which we reviewed. Interim operating report is the responsibility of the Group management. Our responsibility as the auditors is to express a conclusion regarding if the financial information included in the accompanying interim operating report is consistent with the the interim condensed consolidated financial statements and explanatory notes, which we reviewed as the subject of the review report dated August 10, 2021.

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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



Erden Tecer, SMMM  
Partner

August 10, 2021  
İstanbul, Türkiye

## 1- GENERAL INFORMATION

<b>a) Accounting period that the report relates to</b>	: 01.01.2021 – 30.06.2021
<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) Nature of operations

The Company was established on December 21<sup>st</sup>, 2011. In August 25<sup>th</sup>, 2017, “distribution and sales activities” and “electricity generation and trade activities” was split under “Enerjisa Enerji A .Ş.” and “Enerjisa Üretim Santralleri A.Ş.” respectively. As a result of these transactions, the Company's main activities under the new structure are customer-focused electricity distribution and retail service. 20% of Enerjisa Enerji shares was offered to the public and Enerjisa was listed on Borsa İstanbul on February 8<sup>th</sup>, 2018.

As of June 30<sup>th</sup>, 2021, Enerjisa Enerji with 11.6 million distribution connection points and with approximately 10.2 million customers is the leading downstream electricity company.

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

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

#### Members of the Board of Directors:

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
- Cenk ALPER - 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 2020 Ordinary General Assembly meeting held on March 30<sup>th</sup>, 2021; it was decided to appoint Kivanç Zaimler, Eric Rene C. Depluet, Hakan Timur, Eva-Maria Verena Volpert, Barış Oran, Johan Magnus Moernstam as Board of Directors' members, Fatma Dilek Yardım and Mehmet Sami as Independent Board of Directors' members to the Board of Directors for 3 years until the Annual General Assembly meeting of 2023 to be held in 2024.

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

Member of Board of Director	Duty	Date of Appointment	End of Duty
Kivanç Zaimler	Chairman	30.03.2021	30.03.2024
Eric René C. Depluet	Vice Chairman	30.03.2021	30.03.2024
Cenk Alper	Member	11.05.2021	30.03.2024
Johan Magnus Mörnstam	Member	30.03.2021	30.03.2024
Hakan Timur	Member	30.03.2021	30.03.2024
Eva-Maria Verena Volpert	Member	30.03.2021	30.03.2024
Fatma Dilek Yardım	Independent Member	30.03.2021	30.03.2024
Mehmet Sami	Independent Member	30.03.2021	30.03.2024

#### Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2020		30.06.2021	
	(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:

There was no change.

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

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

As of June 30<sup>th</sup>, 2021 the organization of senior management is as below:

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

The Group has 10,490 employees as of 30.06.2021.

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

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

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

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

The Chairman and the members of the Board of Directors 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 01.01.2021 – 30.06.2021, the members of the Board of Directors neither executed any transaction with the Company, nor been involved in any attempts that can compete with the Company in its fields of operation.

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

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

	1 January - 30 June 2021	1 January - 30 June 2020
Short-term employee benefits	26,482	21,698
Long-term employee benefits	1,804	182
	<u>28,286</u>	<u>21,880</u>

**3- RESEARCH AND DEVELOPMENT ACTIVITIES**

During the period of 01.01.2021 – 30.06.2021, TL 2,578,147.54 was spent for 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:**

The international credit rating agency Fitch Ratings upgraded the national long-term ratings of Enerjisa Enerji A.S. and its subsidiary, Baskent Elektrik Dagitim A.S., from 'AA(tur)' to 'AA+(tur)' on 18.02.2021. The outlooks on both ratings are stable.

The Company held its Ordinary General Assembly for 2020 on March 30<sup>th</sup>, 2021. The minutes of the meeting were announced to the public on the website and at the Public Disclosure Platform (PDP). According to the decision taken at the meeting:

Pursuant to the review of the Consolidated Financial Statements for the year 2020, prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to propose to the General Assembly to distribute the profit as follows:

- TL 1,052,352,418.14 from Consolidated Net Distributable Profit including the donations incurred between 01.01.2020 - 31.12.2020, and
- TL 81,473,790.30 from the retained earnings,
- Payment of Gross TL 1,133,826,208.44 dividend in cash (Gross 96%, Net 81,60%) to the shareholders who are representing the TL 1,181,068,967.12 capital,
- Distribution of the cash dividend beginning from April 9<sup>th</sup>, 2021

Dividends derived from the Group's distributable earnings at 2020 have been distributed within April, 2021.

In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520 with the Article 11 of Law Amending Certain Laws with Law on the Procedure For The Collection of Public Receivables numbered 7316, published in Official Gazette numbered 31462 on 22.04.2021, corporate tax rate for the year 2021 has increased from 20% to 25% and for the year 2022 to %23. The amendment will be valid for the taxable corporate income starting from January 1<sup>st</sup>, 2021, beginning with the advance Corporate Tax Declarations which must be declared as of July 1<sup>st</sup>, 2021.

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<sup>th</sup>, 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<sup>th</sup>, 2019. The judgment process of the first degree court is concluded. With the decision of 13<sup>th</sup> 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. have been rejected. The decisions were delivered on October 6<sup>th</sup>, 2020. The request of appeal has been made against the decisions of the Court of First Instance as of November 5<sup>th</sup>, 2020.

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<sup>th</sup>, 2020. The Competition Authority has appealed against the decision within 30 days from the notification of the decision. The appeal application of the Competition Authority was rejected, with the decision of the 8<sup>th</sup> Administrative Case Division of Ankara Regional Administrative Court, dated 17.06.2021 and numbered E.2020/1865 K.2021/1052, open to appeal.

In accordance with the article 28 of the Administrative Jurisdiction Procedures Law, an application was made to the relevant tax office on October 8<sup>th</sup>, 2020 for the refund of TL 7,973,040.71 paid at 25% discount on March 7<sup>th</sup>, 2019. The amount was refunded on November 6<sup>th</sup>, 2020.

At the 2020 Ordinary General Assembly meeting held on March 30<sup>th</sup>, 2021, the amendment in the Donation and Grants Policy and Dividend Policy has been approved and the amendment in the Disclosure Policy has been submitted for the information of the General Assembly.

The fully owned subsidiary Enerjisa Müşteri Çözümleri A.Ş. (Enerjisa Customer Solutions), was granted a 30-year natural gas wholesale license by EMRA with the License No: DTS/7505-5/42772-486 and dated 09.10.2020.

The fully owned subsidiary Enerjisa Müşteri Çözümleri A.Ş. (Enerjisa Customer Solutions), was granted a 20-year supply license by EMRA with the License No: ETS/10067-2/04811 and dated 04.03.2021 for trading of electricity energy and/ or capacity.

**The legislative changes specific to the electricity sector are summarized below:**

**Elektrik Üretim A.Ş. tariffs:** With the Board Resolution dated 25.03.2021 and numbered 10114, EMRA determined Whole Sale Tariffs of EUAŞ, which shall be effective as of April 1<sup>st</sup>, 2021 and applied to energy purchases of distribution and incumbent retail companies. According to the resolution:

- (i) The tariff to be applied to energy purchases for technical and non-technical losses of distribution companies and regulated sales of authorized supply companies shall be 16.9149 kr/kWh (it was 20.5000 kr/kWh as of January/201).
- (ii) The tariff to be applied to energy purchases of distribution companies for general lighting shall be 33.0000 kr/ kWh. (There is no difference compared to the 1<sup>st</sup> Quarter Tariff applied as of January 1<sup>st</sup>, 2021).

**Electricity tariff from April 1<sup>st</sup>, 2021:** With the Board Resolution dated 25.03.2021 and numbered 10115, EMRA approved tariff tables to be applied to Distribution system users are as follows;

- (i) Non-eligible consumers (Eligible Consumer Limit in 2021 is 1,200 kWh)
- (ii) Eligible consumers with low energy consumption (annual consumption less than 7 mn kWh according to the Communiqué on the Regulation of the Limit of Last Resort Tariff).

Accordingly:

- General lighting unit price shall be 58.0154 kr/kWh (it was 57.9192 kr/kWh as of January 2021).
- “Green Tariff Table” shall be 74.7372 kr/kWh (it was 75.7591 kr/kWh as of January 2021).

**Amendments on the Regulation on Electricity Market Consumer Services Regulation:** The Amending Regulation on Electricity Market Consumer Services Regulation (“Regulation”), published in the Official Gazette dated 20.02.2021 and numbered 31401. Significant changes were made in many issues and are summarized below:

- Consumption in places where electricity is not consumed for six months or more repeatedly throughout the year and consumption for agricultural irrigation are considered seasonal use.
- The provision stating that the eligible consumer, who uses his right to choose his supplier by making a bilateral agreement, will lose his right if the total electricity consumption of the previous calendar year remains below the eligible consumer limit set for the current calendar year, has been abolished.
- Due to the unpaid electricity debt on time, it was decided that the electricity cuts cannot be made on national and religious holidays, public holidays, on the previous days of these holidays and on Fridays and can be made on Monday, Tuesday, Wednesday, Thursday between 8 am and 3 pm.
- The data subject to the cutting process will be stored with the time stamp provided by the TÜBİTAK Public Certification Center after the cutting process.
- In cases of illegal usages with interfering into distribution system without retail sales agreement or bilateral agreement and connection of electricity which were cut out in accordance with the regulation without force majeure condition, with the exception of billing of illegal usage by using real meter indices, the illegal electricity usage bills will be sent with return receipt requested post and if contact information is available, consumers will be informed about the invoice via SMS; the cost of invoices sent by registered mail will be covered by the relevant consumer and the cost will be added to the invoice..
- The following issues were stated by EMRA regarding the implementation method of the regulation made in Electricity Market Consumer Services Regulation that the electricity of customers over the age of 65, martyrs' families and war/disabled veterans, and customers submitting a health committee report that they have more than 40% disabled to incumbent retail company cannot be cut off.
  - If electricity bill for any period is not paid in the third billing period together with its own period, the electricity of the relevant place may be cut off under the condition that customer is informed. (For instance, if the electricity bill of January period is not paid in the March payment period)
  - Customer must be informed about the debt from previous periods in each period bills in writing and also by text messages.
  - If customer requests, minimum 4 instalments should be made.
- Applications to be made to sign or terminate retail sales agreement and bilateral agreement can be done in written form or from a distance, to the authorized supply companies via corporate communication channels of the company or e-Government.
- Upon the consumer's request, the required security deposit is collected in two equal installments to be reflected on the invoice for the consumers in the residential consumer group and for the other consumer groups, the first installment is paid in cash and the second installment is reflected on the invoice. Also, security deposit will not be requested from consumers who signed contract with banks with whom the incumbent retail company has an agreement for the payment of customer invoices with DBS (Direct Debit System).

**Amendments on the Regulation on Electricity Market Connection and System Usage Regulation:**

The Amending Regulation on Electricity Market Connection and System Usage ("Regulation"), published in the Official Gazette dated 09.05.2021 and numbered 31479. The significant changes in the new regulation are summarized below:



- **Connection lines:** According to the amendment made in the Electricity Market Law, the definition of the connection line was changed and the line from the end of the switchyard to the distribution network for the generators was included in the scope of the connection line.
- **Electricity storage:** Electricity storage facility and detached electricity storage facility definitions were added.
- **Connection Opinions:** In the connection opinions given by the distribution company, the distinction between those that do not require field studies and those that do will be removed, and as a result of the examination to be made by the distribution company, a connection opinion will be given within seven working days from the date of application.
- **Connecting to the system:** Provisions for connection to the system are aligned with the Consumer Services Regulation, and set as 24 hours in urban and suburban distribution regions and 48 hours in rural distribution regions.
- **Reporting Responsibility:** It has been determined that the tables in Annex-2 and Annex-3 regarding distribution assets installed or financed by users within the scope of Article 21 will be prepared by distribution companies every year and submitted to EMRA until May 31<sup>st</sup> of the following year.

**The Regulation Amending the Electricity Market License Regulation:** The amendments made with the Regulation that entered into force by being published in the Official Gazette dated 09.05.2021 are summarized below:

- The definitions of electricity storage facility (the facility that can store electrical energy and deliver the stored energy to the system) and non-integrated electricity storage facility (electricity storage facility directly connected to the grid without any connection with any generation or consumption facility) are defined in the regulation.
- Generation facilities based on renewable energy sources are exempted from obtaining a license, provided that the facilities thereof are limited to the contractual power in the connection agreement.
- The holder of the distribution license has been granted the right to establish and operate an electricity storage facility within the framework of the conditions specified in the relevant legislation.

**The Regulation on the Amendment of the Electricity Network Regulation:** The Regulation entered into force by being published in the Official Gazette dated 09.05.2021 and numbered 31479. Significant amendments are as follows:

- “Electricity storage systems” are defined as “electricity storage facility” that can store electrical energy and deliver the stored energy to the system.
- Electricity storage facilities can be used within the scope of ancillary services according to technical criterion to be determined by TEİAŞ.
- The grid connection, monitoring on SCADA and use of within the scope of ancillary services of electricity storage facilities will be prepared and announced by TEİAŞ until September 1<sup>st</sup>, 2021, after receiving the opinions of the legal entities holding the distribution license.

**The Regulation on the Amendment of the Unlicensed Electricity Generation Regulation in the Electricity Market:** The Regulation entered into force by being published in the Official Gazette dated 09.05.2021 and numbered 31479. The significant changes in the new regulation are summarized below:

- “Generation facilities based on renewable energy resources, limited to the contractual power in the connection agreement” will be exempt from the obligation to obtain pre-license and license and establishing a company and the installed capacity upper limit will not be applied for these facilities.

- For generation facilities, those with an installed capacity of more than 10 kW shall be included to Automatic Meter Reading System (AMRS); those higher than 50 kW shall be included in SCADA.
- In case that the incumbent retail company defaults on payment, the delay interest determined in accordance with Article 51 of the Law No. 6183 on the Procedure for Collection of Public Receivables will be applied at a rate of two times.
- The domestic contribution prices in Turkish Lira to be applied to unlicensed generation facilities that will be put into operation for the first time after June 30<sup>st</sup>, 2021 and for which the surplus energy supplied to the grid is purchased at a certain price, the updating of these prices, the period to be applied and other procedures and principles regarding the implementation, shall be determined by the President of the Republic of Turkey.  
If a legal entity within the scope of the Regulation requests a merger or division, the condition of acceptance will not be sought, provided that the legal entity remains the same and the share ratios do not change.

**Regulation on Certification and Support of Renewable Energy Resources:** The Regulation that entered into force after being published in the Official Gazette dated 09.05.2021 and significant issues are summarized below:

- Municipal wastes (including landfill gas) and agricultural wastes without food and feed value are included in the definition of “biomass” and (ii) the definition of “YEK Price” has been added.
- Users producing from renewable energy sources within the scope of Unlicensed Electricity Generation Regulation shall not be able quit this implementation for ten years from the date of their partial or complete start of operation.
- The net energy amount produced in the biomass-based generation facilities, which will enter into operation after July 1<sup>st</sup>, 2021 and contain processes subject to different YEKDEM prices, is the lowest of the prices determined in Turkish Lira kuruş/kWh determined by the President Decision dated 29.01.2021 and numbered 3453. The lower one will be evaluated within the scope of YEKDEM.
- Production facilities that will be partially or completely operational from 01.01.2021 to 30.06.2021 will be able to benefit from YEKDEM until 31.12.2030.

**The Regulation Amending Electricity Market Balancing and Settlement Regulation:** The amendments made with the Regulation that entered into force after being published in the Official Gazette dated 09.05.2021 are summarized below:

- Electricity storage facilities are included in the scope of Electricity Market Balancing and Settlement Regulation as balancing unit and settlement unit.
- In case the market participant's collateral level does not meet the total collateral amount, an announcement shall be made by market operator's website about the transaction, and this market participant will not be allowed to register eligible consumers in its portfolio for 3 billing periods following the completion of all financial obligations to the market operator.

**Decision on Amendment on The Procedures and Principles Regarding the Scope of Automatic Meter Reading Systems and Determination of Meter Values:** The decision was published in the Official Gazette dated 09.05.2021 and the following changes were made;

- “The electricity storage unit integrated into the generation facility and the meters measuring the electrical energy supplied and withdrawn from the separate electricity storage facilities” are included in the scope of AMRS.

- The 15-minute generation or consumption values of electricity storage facilities, which are balancing units, shall be shared with the market operator 2 hours after the relevant time at the latest.
- The 15-minute generation or consumption values of electricity storage facilities without a balancing unit shall be shared with the market operator within at least 2 hours following the end of the relevant day at the latest.

**Regulation on Amendment of the Electricity Market Import and Export Regulation:** The Regulation, which entered into force after being published in the Official Gazette dated 24.04.2021 and numbered 31464, briefly includes the following regulations:

- **Interconnection Usage Agreement:** It is an agreement signed between the license holder legal entity which receives service over international interconnection lines and the System Operator.
- **Standardization of Agreements:** As for synchronous non-parallel connections, standard interconnection usage agreements which have been approved by the EMRA; as for synchronous parallel connections, standard interconnection usage agreements prepared by the system operator will be signed.
- **Connection from Distribution Voltage Level and Tariffs to be Applied:** License holders, to whom capacity allocation is made from the distribution voltage level, are obliged to pay the distribution fee calculated over the single term tariff of the commercial subscriber group for the consumers receiving energy from the private supplier at the medium voltage level, which is included in the tariff tables approved by EMRA, to the relevant system operator during the allocation period.
- **Article 21 of the Electricity Market Connection and System Usage Regulation and Letter of Guarantee:** The rightful legal entities are obliged to give the guarantee determined within the scope of the interconnection usage agreement and the guarantee determined within the scope of the Establishment Agreement in accordance with Article 21, in case the new interconnection lines are constructed by the legal entities, to the relevant system operator. It is regulated that a letter of guarantee or cash guarantee will be given to the system operator at the rate of 25% of the estimated cost to be calculated by the system operator within the scope of the Establishment Agreement.
- **Capacity Allocation:** It is regulated that the capacity allocations cannot exceed ten years, provided that the applicant does not exceed the license period.
- **Transition Period Implementations:** The Interconnection Usage Agreement to be used in synchronous non-parallel connections shall be approved by the EMRA until June 24<sup>th</sup>, 2021, and the Procedures and Principles Regarding Capacity Allocation in the Case of Establishment of New Interconnection Lines by Legal Entities, shall be approved by the EMRA within three months as of April 24<sup>th</sup>, 2021.

**Green Tariff and Renewable Energy Guarantees of Origin System (YEK-G):** Renewable Energy Guarantees of Origin System (YEK-G) was commissioned by EPIAŞ as of June 1<sup>st</sup>, 2021. As incumbent retail companies, we have an obligation to prove that all of the electricity supplied to customers benefiting from the green tariff is produced from renewable energy sources with YEK-G certificate that we will make a cancellation notification from YEK-G system. In this context, cancellation notifications were made to EPIAŞ and YEK-G cancellation certificates were issued by EPIAŞ for our customers benefiting from the green tariff for the consumption period of 01.08.2020 – 31.05.2021. Monthly cancellation transactions will continue to be made for our customers within the scope of the green tariff.

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

**Operational Earnings** (EBITDA + Capex reimbursements excluding exceptional items) of Enerjisa Enerji A.Ş. increased by TL 761 million (+30%) from TL 2,565 million in 1H2020 to TL 3,326 million in 1H2021. Meanwhile, June annual inflation was realized as 17.53%.

Including exceptional capex reimbursements related to prior tariff periods, which will be reflected to distribution tariffs between 2021 and 2022 (amount in 1H2021: TL 227 million), the growth in operational earnings was 39%

Distribution business unit's operational earnings accounted for 85% of Enerjisa Enerji's operational earnings in 1H2021. The main changes in the operational earnings of the Distribution business unit in 1H2021 compared to 1H2020 are as follows:

- **Financial Income:** Financial income increased by TL 43 million reaching TL 1,132 million. The growth in financial income growth was soft given the decline in WACC. The impact of decline in pretax real WACC on 2020 financials (from 13.61% to 12.30%) was reflected in Q42020 in lump sum and is not included in 1H2020 financials.
- **CAPEX Reimbursements:** Capex reimbursements increased from TL 671 million in 1H2020 to TL 1,051 million in 1H2021 (TL 380 million increase) mainly due to due to higher Capex ceiling and as the regular compensation for overspend Capex of the previous regulatory periods started as of January 2021. This amount does not include the exceptional capex reimbursements related to prior periods mentioned above (TL 227 million).
- **Efficiency & Quality Earnings:** Total Efficiency & Quality earnings increased by TL 126 million in 1H2021 compared to the same quarter of last year. Capex outperformance increased with higher capex investments and efficient procurement operations. Regarding quality earnings, in-house sourcing incentive and incentives for publicly listed companies, which have been introduced in the 4th regulatory period, have been recognized for the first time in Q12021 on pro rata basis. Despite the ongoing Covid-impact, our field activities in total increased compared to last year and Theft & Loss outperformance was higher in 1H2021 compared to the same period of last year. Similarly, theft accrual earnings increased despite the fact that we now retain 50% of theft usage accruals at collection compared to 75% in the previous year.
- **Other Item:** Other item was TL 66 million (1H2020: TL 27 million) partly due to gains related to hedging of Capex expenses and income due to winning a court case related to excavation permits by Ayedaş.

The contribution of the Retail business unit in operational earnings increased by 1.0 ppt yoy to 15% in 1H2021. The free market segment gross profit increased by TL 65 million from TL 145 million in 1H2020 to TL 210 million in 1H2021, due to higher volumes in this segment. The regulated market gross profit increased by TL 70 million to TL 418 million during the same period. Regulated gross profit increased due to the higher income ceiling as a result of inflation and the increase in uncontrollable expenses and the better performance of the Company in uncollectible receivables compared to the sector average.

Liberalised segment sales increased by 53% from 3.4 TWh in 1H2020 to 5.2 TWh in 1H2021. Meanwhile, regulated segment sales decreased by 10% from 12.9 TWh in 1H2020, to 11.6 TWh in

1H2021. The main driver behind the performance of these segments is the switch of corporate and SME customers from the regulated segment to the liberalised segment due to favourable tariff structure.

Enerjisa Enerji A.Ş. **Underlying Net Income** increased by TL 259 million from TL 754 million in 1H2020 to TL 1,013 million in 1H2021. In addition to the changes in the operational earnings, the main factors driving changes in the Underlying Net Income were as follows:

- TL 83 million lower net loan interest expenses due to decrease in the average loan volume and lower interest rates.
- TL 64 million higher bond interest expense and TL 82 million higher deposit valuation expenses both due to higher CPI change (Past period: +4.3% vs. this year +9.2%)
- TL 41 million increase in taxes due to higher operational earnings.

The increase in corporate tax rate from 20% to 25% for 2021 announced in April is not reflected to 1Q2021 financials as it is treated as a “non-adjusting event” by IFRS standards and non-adjusting events occurring after the reporting period cannot be reflected to the financials. The increase has been booked retrospectively in Q2. As the increase to 25% is a temporary application, it has been treated as a one-off and booked for the increase in tax expenses an extraordinary item and was not reflected to Underlying Net Income.

The average cost of financing from loans decreased from 13.4% in 1H2020 to 12.2% in 1H2021, whilst in the same period the average cost of bond financing increased from 13.3% to 22.1%. Economic Net debt (including non-financial net debt, including lease liabilities and customer deposits) changed from TL 11.31 billion in 2020 year end to TL 11.33 billion in 1H2021.

Net Financial Debt / Last Twelve Month Operational Earnings declined from 2.1x in 1H2020 to 1.4x in 1H2021 due to increase in Operational Earnings and the decline in financial net debt.

Reflecting the strong performance in the first half and the impact of inflation, the 2021 guidance has been revised upwards as follows:

- 15%-20% growth in Operational Earnings. Our previous guidance was double digit growth.
- Around 2.0 billion TL Underlying Net Income.
- Year-end RAB of at least 11.2 billion TL, reflecting higher inflation.
- At least 1.8 billion TL free cash flow after interest and tax.

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

The Company has made capital expenditures related to service concession arrangements of TL 1,110,143,000 and purchase of tangible and intangible assets TL 51,015,000 within the period of 01.01.2021 – 30.06.2021.

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

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

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

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

**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 June 2021	31 December 2020	
Başkent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Başkent Elektrik Perakende Satış A.Ş.	Ankara	100	100	Electricity retail services
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	İstanbul	100	100	Electricity distribution services
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	İstanbul	100	100	Electricity retail services
Toroslar Elektrik Dağıtım A.Ş.	Adana	100	100	Electricity distribution services
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	Adana	100	100	Electricity retail services
Enerjisa Müşteri Çözümleri A.Ş.	İstanbul	100	100	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	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 consolidated financial reports of the Company for the period of 01.01.2021 –30.06.2021 prepared in accordance with IFRS was reviewed 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 01.01.2021 – 30.06.2021, which may adversely affect the financial situation and operations of the Company.

Enerjisa Enerji strives to comply with legislation and laws on environmental, social and corporate governance issues. There are no cases regarding environmental, social and governance matters filed against the Company within the period of 01.01.2021 – 30.06.2021.

**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:**

The Company has achieved its budgetary targets for the period of 01.01.2021 – 30.06.2021.

**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:**

The Company has made donations and aids at the amount of TL 1,844,283 within the period of 01.01.2021 – 30.06.2021.

**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. sources of new financing are mainly loans in Turkish Lira.

Additionally, the Group has a total of TL 997,000,000 bonds (issued amount) in circulation as of June 30<sup>st</sup>, 2021.

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

Applicable starting from July 1<sup>st</sup>, 2021, 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 17.6% - 19.5% and distribution tariff has been increased by 7.2%. The final tariff reflected to the end user has been increased by 15%.

An application, regarding the Energy Performance Contract between Enerjisa Müşteri Çözümleri A.Ş. and Galatasaray Spor Kulübü Derneği on design, construction and maintenance work of rooftop solar power plant, was filed on April 2<sup>nd</sup>, 2021 to the Turkish Competition Authority in scope of the article 8 of the Act No. 4054 on the Protection of Competition, which regulates the negative clearance process where the authority is expected to confirm the contract is not contrary to articles 4, 6 and 7.

Ongoing Collective Bargaining Agreement negotiations with TES-İŞ Union (Turkey Energy, Water and Gas Workers' Union) for the workplaces of our Electricity Distribution Companies (İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Başkent Elektrik Dağıtım A.Ş. and Toroslar Elektrik Dağıtım A.Ş.), has been concluded with an agreement between parties for a period of 3 years, effective as of March 1<sup>st</sup>, 2021.

JCR Avrasya Derecelendirme A.Ş., has assigned ratings of Enerjisa Enerji A.Ş. as "AAA (Trk) / (Stable Outlook)" on the Long Term National Rating and as "A-1+ (Trk) / (Stable Outlook)" on the Short Term National Rating. The Long Term International Foreign and Local Currency Ratings are both "BBB+ / (Stable Outlook)".

The annulment suits have been filed by our Retail Sales Companies against the decision of the Competition Board regarding the examination for the 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 (Please see the details on "Information on the main developments during the related fiscal period" heading). These lawsuits have been rejected by the first degree courts and the request of appeal has been made



against as of November 5, 2020. It was decided to reject the request of appeal made 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. by the decisions of the 8th Ankara Regional Administrative Court, dated 08.07.2021 and numbered E.2020/1797 K. 2021/1155, E. 2020/1792 K. 2021/1157 and E. 2020/1796 K. 2021/1156. Appeals against the aforementioned decisions continue in the relevant departments of the Council of State.

**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 (i) 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 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 – 31.12.2020 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 January 2020 – 31 December 2020, 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 01.01.2020 – 31.12.2020.

## **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:**

The Company's financial results for the period of 01.01.2021 – 30.06.2021 are provided in the enclosed Balance Sheet and Income Statement.

It is explained in the section of "Company Activities and Significant Developments Regarding the Activities" in Article 4 above.

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

The Company's gross profit as of June 30<sup>th</sup>, 2021 is TL 3,454,411,000 (30 June 2020: 3,055,187,000). The Company's net debt / (net debt + equity) ratio as of June 30<sup>th</sup>, 2021 has been recorded as 57% (31 December 2020: 57%).

There is no revenue risk predicted for the Company.

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

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

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

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

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

Based on the required permits are granted from the Capital Markets Board and the Ministry of Trade, the Articles of Association on the Article 7 ("Capital and Shares") in order to extend the registered capital ceiling of the Company for 5 more years and Article 10 ("Meetings of the Board of Directors and the Management of the Company") in order to conduct the electronic Board of Directors' meeting were amended at the 2020 Ordinary General Assembly meeting held on March 30<sup>th</sup>, 2021.

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

**7.1 Governing Body**

**a) Board of Directors Meetings**

As of June 30<sup>th</sup>, 2021, the Company's Board of Directors convened 2 time in total to evaluate strategic matters concerning the Company. The attendance rate of Board meeting was 100%.

**b) Committees**

**i. Enerjisa Corporate Governance Committee**

Following the IPO in February 2018, the Corporate Governance Committee has been enacted at the General Assembly Meeting held on March 29<sup>th</sup>, 2018. Members of the Committee are selected Board members, as well as the Enerjisa Enerji 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.

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 meetings of the Committee are organized at least four times (once every three months around quarter closings) per year. The Corporate Governance Committee had two meetings in the first half of 2021. Meeting and report circulation dates and in-depth review topics have been the following:

Meeting Date	Members Participation	In-Depth Review Topic
4 February 2021	Mehmet Sami Michael Moser Hakan Timur	Corporate Communications, Human Resources and Investor Relations Presentations Update on Interaction with Local Investors ESG Roadmap
25 May 2021	Mehmet Sami Hakan Timur Michael Moser Johan Magnus Moernstam Sabriye Gözde Çullas	Corporate Communications, Human Resources and Investor Relations Presentations Discussion on CDP reporting Review of Enerjisa investor profile on the stock exchange Update on governance assessment regarding law on the protection of personal data

**ii. Audit Committee:**

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

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, two Audit Committee meetings were held in 2021. Through these meetings, the Audit Committee was informed on topics including, but not limited to, improvement areas identified in audit/consultancy activities and relevant action plans, results of follow-up activities, information about performed ethics investigation activities and significant considerations about other activities.

Audit Committee Charter can be viewed from the below link.

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

The dates of the Audit Committee are as follows:

Meeting Date	Members Participation	In-Depth Review Topic
04.02.2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables Presenting the results of audit report
25.05.2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables

Audit Committee members are as follows;

<b>Name Surname</b>	<b>Duty</b>	<b>Duty in the Board</b>
Fatma Dilek Yardım	Chairperson	Independent Board Member
Mehmet Sami	Member	Independent Board Member

### **iii. Enerjisa Enerji Early Risk Detection Committee**

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

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

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

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

The ERDC meetings and report circulations to the committee are organized at least six times per year. The Early Risk Detection Committee had one meeting and three report circulations in the first half of 2021. 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>
23.02.2021	Dilek Yardım Mehmet Sami Eric Depluet	Business Continuity Management Highlights IT & Data Governance Semi-Annual Update
20.04.2021	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	Revised Group Risk Policy Long Term Risk Radar
18.06.2021	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	Updates on Periscope Project
08.07.2021	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	BE2 Risk & Opportunities Report

## **7.2. Risk Assessment**

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

Enerjisa Enerji's Risk Management Framework aims to define all risks and opportunities, which may impact 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.

### **b) Enerjisa Risk Management Procedure**

All risks and opportunities are identified through a detailed assessment process. These works are elaborated through two separate approaches, i.e., qualitative and quantitative reporting methodology. In quantitative risk and opportunity methodology, for each risk and opportunity best, base and worst cases are collected with their probability of occurrence from the business units, simulated using numeric analysis methodologies and grouped based on their expected values. Correlations are considered during consolidation of risk and opportunity impacts and fluctuations that may occur in the net revenue of Enerjisa are reported. On the other hand, in qualitative risk reporting methodology, the risks, of which their direct financial affect cannot be calculated but have a potential to adversely affect the strategic and operational activities of the company, are prioritised through scales defined according to impact levels and likelihoods; and reported through heat maps. These assessments form the basis of the Risks and Opportunities Report, which is presented to top management as well as to the Enerjisa Early Risk Detection Committee.

### **c) Key Risks and Opportunities**

Due to the nature of the electricity distribution and retail business, Enerjisa Enerji 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 items in the National Tariff for each tariff period.

In the fourth tariff implementation period, which will be valid between 01.01.2021 and 31.12.2025, revenue and/or price cap for regulated activities will be determined by EMRA as in the third tariff implementation period covering the period between 01.01.2016 and 31.12.2020 and will be reflected to the end consumer through the National Tariff mechanism by taking into consideration all costs and services for the execution of the relevant activity.

As the majority of Enerjisa Enerji's revenue is generated from the 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 Enerji's plans.

Additionally, the regulations issued by EMRA, among other matters, impose organizational and operational restrictions on, and requirements with respect to the 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 Enerji's financial and operational plans.

Enerjisa Enerji conducts regular and constructive studies with industry participants and regulatory bodies in order to manage regulatory risks and opportunities. In addition, it conducts rational and fact-based discussions with other market participants and regulatory institutions through systematic projects and transparent reporting. As a result of these discussions and in-house studies, it undertakes studies and initiatives that will positively contribute to all sector stakeholders, including consumers, and legislative regulations in order to support the sustainability of the sector.

ii. Market Risks and Opportunities

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

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

Enerjisa Enerji uses systematic approaches to forecast market parameters such as price, inflation, interest and FX 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 Enerji 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 Enerji to mitigate credit risk as much as possible.

For the mitigation of financial counterparty credit risks, apart from reporting and monitoring activities, Enerjisa exclusively engages 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 Enerji 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 Enerji 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 Enerji 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 in value chain of Enerjisa are exposed to operational risks from internal and external factors. These risks mainly are classifies under affect Information Technologies, Occupational Health and Safety (mostly in Distribution business unit), Environment, Human Resources and Reputation headings and are reviewed in detail together with its mitigation activities.

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

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

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

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

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

<https://www.enerjisainvestorrelations.com/en/corporate-governance/general-assembly>

**9- APPENDICES**

Consolidated Financial Statements  
Operational Earnings and Underlying Net Income Calculations

Best regards,

**Report date: 10.08.2021**

Murat Pınar  
CEO

Dr. Michael Sven Moser  
CFO

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

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

	Reviewed / current period 30 June 2021	Audited / prior period 31 December 2020
<b>ASSETS</b>		
<b>Current Assets</b>	<b>7,421,117</b>	<b>6,852,870</b>
Cash and Cash Equivalents	379,926	588,571
Financial Investments	-	126,108
Financial Assets	2,451,171	2,348,112
Trade Receivables	3,210,422	2,943,668
<i>Due from Related Parties</i>	15,025	17,796
<i>Due from Third Parties</i>	3,195,397	2,925,872
Other Receivables	937,111	588,922
<i>Due from Third Parties</i>	937,111	588,922
Derivative Financial Instruments	96,478	36,066
Inventory	281,893	169,539
Prepaid Expenses	56,011	44,112
Assets Related with Current Taxes	3	14
Other Current Assets	8,102	7,758
<b>Non-Current Assets</b>	<b>17,411,067</b>	<b>17,822,635</b>
Other Receivables	574,828	933,739
<i>Due from Third Parties</i>	574,828	933,739
Derivative Financial Instruments	8,986	63
Financial Assets	9,061,139	9,121,848
Right of Use Assets	186,002	140,771
Property, Plant and Equipment	900,682	902,255
Intangible Assets	6,238,188	6,357,036
<i>Goodwill</i>	1,977,127	1,977,127
<i>Other Intangible Assets</i>	4,261,061	4,379,909
Prepaid Expenses	3,523	4,507
Deferred Tax Assets	433,486	362,026
Other Non-Current Assets	4,233	390
<b>TOTAL ASSETS</b>	<b>24,832,184</b>	<b>24,675,505</b>



# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

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

	Reviewed / current period 30 June 2021	Audited / prior period 31 December 2020
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>11,185,345</b>	<b>8,287,610</b>
Short-Term Financial Liabilities	324,508	1,098,798
Short-Term Portion of Long Term Financial Liabilities	4,792,700	1,573,117
Other Financial Liabilities	78,943	68,743
Trade Payables	2,106,507	1,914,357
<i>Due to Related Parties</i>	58,430	129,599
<i>Due to Third Parties</i>	2,048,077	1,784,758
Payables for Employee Benefits	106,154	57,939
Other Payables	2,706,869	2,579,077
<i>Due to Third Parties</i>	2,706,869	2,579,077
Derivative Financial Instruments	15,489	140,060
Deferred Income	3,560	6,964
Income Tax Liability	365,570	173,075
Short-Term Provisions	312,588	345,547
<i>Provisions for Employment Benefits</i>	997	46,423
<i>Other Short-Term Provisions</i>	311,591	299,124
Other Short-Term Liabilities	372,457	329,933
<b>Non-Current Liabilities</b>	<b>6,534,990</b>	<b>9,234,589</b>
Long-Term Financial Liabilities	4,306,604	7,090,385
Other Financial Liabilities	353,446	340,383
Derivative Financial Instruments	872	1,619
Deferred Income	510,323	211,044
Long-Term Provisions	248,814	224,179
<i>Provisions for Employment Benefits</i>	248,814	224,179
Deferred Tax Liabilities	1,112,277	1,366,979
Other Long-Term Liabilities	2,654	-
<b>TOTAL LIABILITIES</b>	<b>17,720,335</b>	<b>17,522,199</b>

# ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

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

	Reviewed / current period 30 June 2021	Audited / prior period 31 December 2020
<b>LIABILITIES</b>		
<b>Equity</b>	<b>7,111,849</b>	<b>7,153,306</b>
Registered Share Capital	1,181,069	1,181,069
Adjustments to Share Capital	1,954,164	2,416,412
<b>Total Share Capital</b>	<b>3,135,233</b>	<b>3,597,481</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</i> <i>Remeasurement of Defined Benefit Plans</i>	(3,464)	(3,464)
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	60,232	(62,487)
<i>Hedge Reserves</i>	60,232	(62,487)
Restricted Profit Reserves	693,663	485,378
Retained Earnings	2,252,195	2,044,375
Profit for the Period	969,650	1,087,683
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,832,184</b>	<b>24,675,505</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

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

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

	Reviewed / current period 1 January - 30 June 2021	Reviewed / prior period 1 January - 30 June 2020	Unaudited / current period 1 April - 30 June 2021	Unaudited / prior period 1 April - 30 June 2020
Revenue	11,964,852	11,104,768	6,075,987	5,325,689
Cost of Sales (-)	(8,510,441)	(8,049,581)	(4,337,253)	(3,834,163)
<b>GROSS PROFIT</b>	<b>3,454,411</b>	<b>3,055,187</b>	<b>1,738,734</b>	<b>1,491,526</b>
General Administrative Expenses (-)	(1,398,542)	(1,169,914)	(713,990)	(563,116)
Other Income from Operating Activities	227,983	276,105	99,890	145,638
Other Expenses from Operating Activities (-)	(373,109)	(494,596)	(153,768)	(239,408)
<b>OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)</b>	<b>1,910,743</b>	<b>1,666,782</b>	<b>970,866</b>	<b>834,640</b>
Finance Income	83,375	10,976	22,685	9,656
Finance Expense (-)	(707,536)	(761,327)	(372,139)	(359,513)
<b>PROFIT BEFORE TAX</b>	<b>1,286,582</b>	<b>916,431</b>	<b>621,412</b>	<b>484,783</b>
<b>Tax Expense</b>	<b>(316,932)</b>	<b>(208,117)</b>	<b>(183,746)</b>	<b>(117,537)</b>
Current Tax Expense (-)	(683,999)	(133,733)	(396,791)	(1,212)
Deferred Tax Income / (Expense)	367,067	(74,384)	213,045	(116,325)
<b>PROFIT FOR THE PERIOD</b>	<b>969,650</b>	<b>708,314</b>	<b>437,666</b>	<b>367,246</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>122,719</b>	<b>81,069</b>	<b>(45,352)</b>	<b>(11,761)</b>
<i>Gains / (Losses) on Hedges</i>	<i>163,624</i>	<i>103,435</i>	<i>(46,464)</i>	<i>(15,576)</i>
<i>Income Tax Relating to Other Comprehensive Income</i>	<i>(40,905)</i>	<i>(22,366)</i>	<i>1,112</i>	<i>3,815</i>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,092,369</b>	<b>789,383</b>	<b>392,314</b>	<b>355,485</b>
<b>Earnings per share</b>				
Earnings per share (kr)	0.82	0.60	0.37	0.31

## OPERATIONAL EARNINGS AND UNDERLYING NET INCOME CALCULATION

(TLm)	1 January 30 June 2021	1 January 30 June 2020
<b>Operating profit before finance income/(expense)</b>	<b>1,911</b>	<b>1,666</b>
Adjustment of depreciation and amortization	219	199
Adjustments related to operational fx gains and losses	40	15
Adjustments related to valuation difference arising from deposits	142	60
Interest income related to revenue cap regulation	-25	-20
<b>EBITDA</b>	<b>2,287</b>	<b>1,920</b>
CAPEX Reimbursements	1,051	671
<b>EBITDA+CAPEX Reimbursements</b>	<b>3,338</b>	<b>2,591</b>
Non-recurring (income) / expense	-12	-26
<b>Operational earnings</b>	<b>3,326</b>	<b>2,565</b>
 <b>Net Income</b>	 <b>970</b>	 <b>708</b>
Non-recurring (income) / expense	-10	-20
Tax rate change	53	0
Non-recurring refinancing transactions fees	0	66
<b>Underlying Net Income</b>	<b>1,013</b>	<b>754</b>