

**ENERJISA ENERJİ A.Ş. AND
ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2021

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

(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 2021	Audited / prior period 31 December 2020
Current Assets		8,765,780	6,852,870
Cash and Cash Equivalents	23	317,849	588,571
Financial Investments		-	126,108
Financial Assets	8	2,577,278	2,348,112
Trade Receivables	6	4,206,258	2,943,668
<i>Due from Related Parties</i>	5	20,182	17,796
<i>Due from Third Parties</i>		4,186,076	2,925,872
Other Receivables	7	1,072,679	588,922
<i>Due from Third Parties</i>		1,072,679	588,922
Derivative Financial Instruments	21	55,063	36,066
Inventory		383,249	169,539
Prepaid Expenses		78,155	44,112
Assets Related with Current Taxes	19	34,498	14
Other Current Assets		40,751	7,758
Non-Current Assets		17,913,755	17,822,635
Other Receivables	7	631,155	933,739
<i>Due from Third Parties</i>		631,155	933,739
Derivative Financial Instruments	21	16,590	63
Financial Assets	8	9,510,384	9,121,848
Right of Use Assets	9	258,729	140,771
Property, Plant and Equipment	10	921,442	902,255
Intangible Assets	11	6,176,091	6,357,036
<i>Goodwill</i>		1,977,127	1,977,127
<i>Other Intangible Assets</i>		4,198,964	4,379,909
Prepaid Expenses		1,332	4,507
Deferred Tax Assets	19	397,298	362,026
Other Non-Current Assets		734	390
TOTAL ASSETS		26,679,535	24,675,505

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
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LIABILITIES	Notes	Unaudited / current period 30 September 2021	Audited / prior period 31 December 2020
Current Liabilities		12,653,305	8,287,610
Short-Term Financial Liabilities	20	808,175	1,098,798
Short-Term Portion of Long Term Financial Liabilities	20	5,564,282	1,573,117
Other Financial Liabilities	20	78,428	68,743
Trade Payables	6	2,191,385	1,914,357
<i>Due to Related Parties</i>	5	162,883	129,599
<i>Due to Third Parties</i>		2,028,502	1,784,758
Payables for Employee Benefits		87,750	57,939
Other Payables	7	2,746,513	2,579,077
<i>Due to Third Parties</i>		2,746,513	2,579,077
Derivative Financial Instruments	21	35,027	140,060
Deferred Income		7,082	6,964
Income Tax Liability	19	312,144	173,075
Short-Term Provisions		304,236	345,547
<i>Provisions for Employment Benefits</i>		2,283	46,423
<i>Other Short-Term Provisions</i>		301,953	299,124
Other Short-Term Liabilities		518,283	329,933
Non-Current Liabilities		6,392,699	9,234,589
Long-Term Financial Liabilities	20	3,662,296	7,090,385
Other Financial Liabilities	20	319,884	340,383
Derivative Financial Instruments	21	3,420	1,619
Deferred Income		1,178,902	211,044
Long-Term Provisions		279,994	224,179
<i>Provisions for Employment Benefits</i>		279,994	224,179
Deferred Tax Liabilities	19	945,661	1,366,979
Other Long-Term Liabilities		2,542	-
TOTAL LIABILITIES		19,046,004	17,522,199

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ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
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LIABILITIES	Notes	Unaudited / current period 30 September 2021	Audited / prior period 31 December 2020
Equity		7,633,531	7,153,306
Registered Share Capital	13	1,181,069	1,181,069
Adjustments to Share Capital	13	1,954,164	2,416,412
Total Share Capital		3,135,233	3,597,481
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		47,508	(62,487)
<i>Hedge Reserves</i>		47,508	(62,487)
Restricted Profit Reserves	13	394,232	320,115
Retained Earnings		2,551,626	2,209,638
Profit for the Period		1,504,056	1,087,683
TOTAL LIABILITIES AND EQUITY		26,679,535	24,675,505

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

(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 2021	Unaudited / prior period 1 January - 30 September 2020	Unaudited / current period 1 July - 30 September 2021	Unaudited / prior period 1 July - 30 September 2020
Revenue	14	20,359,659	16,887,317	8,394,807	5,782,549
Cost of Sales (-)	15	(14,825,813)	(12,220,389)	(6,315,372)	(4,170,808)
GROSS PROFIT		5,533,846	4,666,928	2,079,435	1,611,741
General Administrative Expenses (-)	16	(2,236,003)	(1,761,196)	(837,461)	(591,282)
Other Income from Operating Activities	17	368,983	508,570	141,000	232,465
Other Expenses from Operating Activities (-)	17	(649,102)	(635,335)	(275,993)	(140,739)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		3,017,724	2,778,967	1,106,981	1,112,185
Finance Income	18	90,514	28,300	7,139	17,324
Finance Expense (-)	18	(1,093,250)	(1,074,927)	(385,714)	(313,600)
PROFIT BEFORE TAX		2,014,988	1,732,340	728,406	815,909
Tax Expense		(510,932)	(385,452)	(194,000)	(177,335)
Current Tax Expense (-)	19	(1,004,187)	(357,356)	(320,188)	(223,623)
Deferred Tax Income / (Expense)	19	493,255	(28,096)	126,188	46,288
PROFIT FOR THE PERIOD		1,504,056	1,346,888	534,406	638,574
OTHER COMPREHENSIVE INCOME AND EXPENSE					
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods		109,995	128,823	(12,724)	47,755
<i>Gains / (Losses) on Hedges</i>	21	146,660	164,200	(16,964)	60,765
<i>Income Tax Relating to Other Comprehensive Income</i>	19	(36,665)	(35,377)	4,240	(13,010)
TOTAL COMPREHENSIVE INCOME		1,614,051	1,475,711	521,682	686,329
Earnings per share					
Earnings per share (kr)	13	1.27	1.14	0.45	0.54

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ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
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	Share Capital	Adjustment to Share Capital	Restricted Profit Reserves	Other Funds	Accumulated Other Comprehensive (Expenses) not to be Reclassified to Profit or Loss in Subsequent Periods	Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	Hedge Reserves	Retained Earnings	Profit for the Period	Total Equity
Balance as at 1 January 2020	1,181,069	2,626,532	251,545	4,340	(3,464)	(2,248)	1,743,107	1,033,622	6,834,503	
Transfers (*)	-	(210,120)	68,570	-	-	-	1,175,172	(1,033,622)	-	
Dividend	-	-	-	-	-	-	(708,641)	-	(708,641)	
Total comprehensive income	-	-	-	-	-	128,823	-	1,346,888	1,475,711	
Balance as at 30 September 2020	1,181,069	2,416,412	320,115	4,340	(3,464)	126,575	2,209,638	1,346,888	7,601,573	
Balance as at 1 January 2021	1,181,069	2,416,412	320,115	4,340	(3,464)	(62,487)	2,209,638	1,087,683	7,153,306	
Transfers (*)	-	(462,248)	74,117	-	-	-	1,475,814	(1,087,683)	-	
Dividend (**)	-	-	-	-	-	-	(1,133,826)	-	(1,133,826)	
Total comprehensive income	-	-	-	-	-	109,995	-	1,504,056	1,614,051	
Balance as at 30 September 2021	1,181,069	1,954,164	394,232	4,340	(3,464)	47,508	2,551,626	1,504,056	7,633,531	

(*) In the statutory financial statement prepared in accordance with the tax procedure law, the loss for previous years amounting to TL 462,248 has been netted off with adjustments to share capital (31 December 2020: TL 210,120).

(**) During the Ordinary General Assembly held on 30 March 2021, it has been resolved to distribute the dividend at the amount of TL 1,133,826 derived from the Group’s distributable earnings in 2020 and pay the cash dividend beginning from 9 April 2021. Dividends were paid out in cash in April 2021. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 0.96 (full digit) (2020: TL 0.60 (full digit)).

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(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 2021	Unaudited / prior period 1 January - 30 September 2020
Cash Flows from Operating Activities		3,944,677	2,287,688
Profit for the period		1,504,056	1,346,888
Profit for the period		1,504,056	1,346,888
Adjustments to reconcile net profit for the period		665,496	749,546
Adjustments related to the depreciation and amortization	9, 10, 11	341,820	301,221
Adjustments related to the depreciation of right of use assets	9	79,985	58,203
Adjustments related to the depreciation of property, plant and equipment	10	78,938	66,546
Adjustments related to the amortization of intangible assets	11	182,897	176,472
Adjustments related to impairment loss		393,153	581,469
Adjustments related to doubtful provision expenses	6, 8	393,153	581,469
Adjustments related to provisions		74,020	93,884
Adjustments related to provisions for employee benefits		71,191	45,358
Adjustments related to legal case provisions		2,829	26,526
Adjustments related to other provisions		-	22,000
Adjustments related to interest (income) and expenses, net		945,769	1,015,060
Adjustments related to interest income	18	(90,514)	(28,300)
Adjustments related to interest expense	18	1,036,283	1,043,360
Adjustments related to unrealized foreign exchange loss		44,540	182,544
Adjustments related to tax expense	19	510,932	385,452
Adjustments related to change in fair value losses / (gains)	21	7,904	(195,247)
Other adjustments to reconcile profit / (loss)	23	(1,652,642)	(1,614,837)
Adjustments related to interest (income) / expense based on revenue cap regulation	17	(37,035)	(30,556)
Adjustments related to financial income from service concession arrangements	8, 14	(1,837,317)	(1,687,484)
Adjustments related to revaluation differences arising from deposits and guarantees	17	221,710	103,203
Changes in operating assets and liabilities		(670,457)	(1,305,653)
(Increase) / decrease in trade receivables		(1,762,933)	(1,270,043)
(Increase) / decrease in inventories		(213,711)	(20,995)
(Increase) / decrease in other receivables and assets		(200,683)	288,944
Increase / (decrease) in trade payables		275,280	(920,206)
Increase / (decrease) in other payables and expense accruals		1,231,590	616,647
Cash generated from operating activities		1,499,095	790,781
Payments related with provisions for employee benefits		(59,516)	(47,799)
Tax payments	19	(899,602)	(271,488)
Other cash in-flows	23	3,404,700	1,816,194
Capital expenditures reimbursements related to service concession arrangements	8	1,916,982	1,006,218
WACC reimbursements related to service concession arrangements	8	1,378,504	684,578
Collections from doubtful trade receivable	6	109,214	125,398
Cash Flows from Investing Activities		(2,052,893)	(1,796,488)
Cash used for purchase of tangible and intangible assets		(108,638)	(134,407)
Interest received		98,866	17,786
Other cash out-flows	23	(2,169,229)	(1,552,076)
Capital expenditures related to service concession arrangements		(2,169,229)	(1,552,076)
Cash receipt from sale of debt instruments		126,108	(127,791)
Cash Flows from Financing Activities		(2,162,506)	(339,705)
Cash in-flows from borrowings		7,093,070	14,320,316
Cash out-flows for borrowings		(6,786,753)	(12,780,521)
Repayment of of lease liabilities		(105,861)	(78,938)
Interest paid		(1,229,136)	(1,091,921)
Dividend paid		(1,133,826)	(708,641)
Increase / (decrease) in cash and cash equivalents		(270,722)	151,495
Cash and cash equivalents at the beginning of the period	23	588,571	469,786
Cash and cash equivalents at the end of the period		317,849	621,281

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Enerjisa Enerji A.Ş. (the "Company") and its subsidiaries will be referred as the "Group" for consolidated financial statements. The Company is established on 26 December 2011 as a joint venture between Hacı Ömer Sabancı Holding A.Ş. ("Sabancı") and Verbund International GmbH ("Verbund International"). On 4 December 2012, Verbund and DD Turkey Holdings S.A.R.L., E.ON SE ("E.ON") entered into a Share Purchase Agreement for the sales and transfer of all Verbund shares in the Company to E.ON and the transfer is finalized on 24 April 2013.

The Company is registered to the Capital Markets Board ("CMB") and its shares are publicly traded in Borsa İstanbul A.Ş. ("BIST") with ticker "ENJSA.E" since 8 February 2018. The Company is registered in Turkey and the address of the headquarters is as follows:

Barbaros Mahallesi, Begonya Sokak, Nida Kule Ataşehir Batı Sit. No: 1/1, Ataşehir / İstanbul, Turkey.

The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. On 28 April 2017 as the first stage of the reorganization, the Company merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") by taking over its all assets and liabilities along with its subsidiaries (distribution and retail service companies). On 25 August 2017 as the second stage of the reorganization, the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ"). On 25 September 2017, the Company has sold its subsidiary which operates in solar energy generation to the generation company that is owned by EÜSAŞ. As a result of these transactions, the Company's main activities under the new structure are customer-focused electricity distribution and retail service.

Subsidiaries consolidated in the consolidated financial statements as of 30 September 2021 and their activities are as follows:

Başkent Elektrik Dağıtım A.Ş. ("BAŞKENT EDAŞ")	Distribution of electricity
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. ("AYEDAŞ")	Distribution of electricity
Toroslar Elektrik Dağıtım A.Ş. ("TOROSLAR EDAŞ")	Distribution of electricity
Enerjisa Başkent Elektrik Perakende Satış A.Ş. ("EPS")	Retail service of electricity
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. ("AEPSAŞ")	Retail service of electricity
Enerjisa Toroslar Elektrik Perakende Satış A.Ş. ("TOROSLAR EPSAŞ")	Retail service of electricity
Enerjisa Müşteri Çözümleri A.Ş.	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. ("E-şarj")	Electric vehicles and charging stations equipment services

The Group's operations are carried out only in Turkey.

The Group has 11,138 employees as of 30 September 2021 (31 December 2020: 10,415 employees).

The condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on 2 November 2021. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.
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NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

BAŞKENT EDAŞ and EPS

BAŞKENT EDAŞ has been acquired by EEDAŞ as of 28 January 2009 by privatization bid for the consideration of USD 1,225 million. BAŞKENT EDAŞ currently operates in province including Ankara, Kırıkkale, Kastamonu, Zonguldak, Bartın, Çankırı and Karabük and holds the licence that gives the right for distribution of electricity in these provinces for 30 years starting from the date of Transfer of Operation Rights (“TOR”) agreement signed with Türkiye Elektrik Dağıtım A.Ş. (“TEDAŞ”) on 31 March 2006.

As of 1 January 2013, BAŞKENT EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 12 September 2012, EPS was established with the same shareholder structure and as of 31 December 2012, BAŞKENT EDAŞ has transferred some of its assets and liabilities to EPS, due to the fact that, legal unbundling and the unbundling related transactions have been registered as of 31 December 2012. Starting from 1 January 2013, BAŞKENT EDAŞ has undertaken only the distribution activities. In addition, with the new regulation applied by Energy Market Regulatory Authority (“EMRA”), BAŞKENT EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

AYEDAŞ and AEPSAŞ

AYEDAŞ has been acquired by EEDAŞ as of 31 July 2013 by privatization bid for the consideration of USD 1,227 million. AYEDAŞ currently operates in Anatolian Side of İstanbul and holds the license that gives the right for distribution of electricity in this province until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, AYEDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, AEPSAŞ was established with the same shareholder structure and as of 31 December 2012, AYEDAŞ has transferred some of its assets and liabilities to AEPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and AEPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, AYEDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, AYEDAŞ started retail sales only for illumination customers starting from 1 April 2013.

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NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

TOROSLAR EDAŞ and TOROSLAR EPSAŞ

TOROSLAR EDAŞ has been acquired by EEDAŞ as of 30 September 2013 by privatization bid for the consideration of USD 1,725 million. TOROSLAR EDAŞ currently operates in Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye and holds the license that gives the right for distribution of electricity in these provinces until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, TOROSLAR EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, TOROSLAR EPSAŞ was established with the same shareholder structure and as of 31 December 2012, TOROSLAR EDAŞ has transferred some of its assets and liabilities to TOROSLAR EPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and TOROSLAR EPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, TOROSLAR EDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, TOROSLAR EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

In 2006, EMRA has set a unique pricing mechanism for all of the electricity distribution companies in Turkey which will be effective for the period between 1 January 2006 and 31 December 2012 which is called the “transition period”. In accordance with this pricing mechanism, distribution companies in Turkey have already determined their regional tariffs for the period between 1 January 2006 and 31 December 2010 and by using these regional tariffs, EMRA has already determined the national tariffs for the same period. In December 2010, EMRA has announced a new tariff for the period between 1 January 2011 and 31 December 2015; in December 2015, EMRA has announced a new tariff for the period 1 January 2016 and 31 December 2020; and in December 2020, EMRA has announced a new tariff for the period between 1 January 2021 and 31 December 2025.

Enerjisa Müşteri Çözümleri A.Ş.

Enerjisa Müşteri Çözümleri A.Ş. was established on 29 December 2017, in order to conduct activities in customer solutions and distributed generation.

E-şarj

Enerjisa Müşteri Çözümleri A.Ş., acquired 80% of the shares of E-şarj with an amount of TL 4,000 on 26 April 2018. E-şarj is mainly involved in the operation of charging network for electric vehicles and supply of charging stations equipment.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain assets and liabilities being carried by their fair values.

In order to determine the historical cost, the fair values paid for assets are considered.

2.2 Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”). Interim financial statements do not include all the information and disclosures required to be included in the annual financial statements. In addition, significant accounting policies and significant accounting estimates and assumptions used in the preparation of the interim condensed consolidated financial statements for the nine months period ended 30 September 2021 are consistent with consolidated financial statements as at 31 December 2020 except the ones disclosed in Note 2.5. Therefore, the interim condensed consolidated financial statements should be read and evaluated together with the annual financial statements prepared by the Group as of 31 December 2020.

2.3 Functional and Presentation of Currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira (“TL”), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.4 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group’s interim condensed consolidated financial statements have been presented comparatively with the prior period.

If the presentation or classification of the current period financial statements is changed, in order to maintain consistency, comparative information are also adjusted or reclassified in line with the related changes. The Group does not have any material reclassifications and adjustments in current period.

2.5 Changes in Accounting Policies

The significant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated.

No other changes have been applied to the accounting policies of the Group in the current period.

2.6 Changes and Misstatements in Accounting Estimates

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. No changes have been applied to the accounting estimates of the Group in the current year.

2.7 Going Concern

The Group has prepared its condensed consolidated financial statements in accordance with going concern principle.

2.8 Seasonality of the Group’s operations

The results of Group’s operations do not show a significant change by season.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9 Basis of Consolidation

The details of the Company’s subsidiaries at 30 September 2021 and 31 December 2020 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		30 September 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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.9 Basis of Consolidation (Continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.10 New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at September 30, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendment did not have a significant impact on the financial position or performance of the Group.

- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- IFRS 17 - The new Standard for insurance contracts
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Annual Improvements – 2018–2020 Cycle

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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NOTE 3 – SHARES IN OTHER PARTIES

Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership (%)	
			30 September 2021	31 December 2020
BAŞKENT EDAŞ	Electricity Distribution Services	Ankara	100	100
EPS	Electricity Retail Services	Ankara	100	100
AYEDAŞ	Electricity Distribution Services	İstanbul	100	100
AEPSAŞ	Electricity Retail Services	İstanbul	100	100
TOROSLAR EDAŞ	Electricity Distribution Services	Adana	100	100
TOROSLAR EPSAŞ	Electricity Retail Services	Adana	100	100
Enerjisa Müşteri Çözümleri A.Ş.	Customer Solutions and Distributed Generation Services	İstanbul	100	100
E-şarj	Charging Stations Equipment Services	İstanbul	80	80

Principal Activity	Place of incorporation and operation	Number of subsidiaries owned by the Group	
		30 September 2021	31 December 2020
Electricity Distribution Services	Ankara, İstanbul, Adana	3	3
Electricity Retail Services	Ankara, İstanbul, Adana	3	3
Customer Solutions and Distributed Generation Services	İstanbul	1	1
Electric Vehicles and Charging Stations Equipment Services	İstanbul	1	1

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NOTE 4 - SEGMENT REPORTING

The business activities of the Group are managed and organized according to the services provided in the electricity market. The Group has two main operating segments; electricity distribution and retail. The principal activity of distribution segment is the transmission of electricity over lines to the end users through distribution networks, by also providing infrastructure investments due to the regulated tariffs announced by EMRA; whereas the retail segment conduct retail sales of electricity to the customers. Enerjisa Müşteri Çözümleri A.Ş.'s and E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.'s activities are also disclosed under Retail segment. The Group performs segment reporting according to IFRS 8 in order to provide unbiased and transparent information to the investor. The Group management follows the performance of the business segments with operating profit and net profit for the period, as well as financial and non-financial indicators. In addition to the requirements for segment reporting, Group management have included this information in their reporting footnotes, considering that some financial statement readers may use this information in their analyzes.

The following table contains information on the Group's sales and profit from its operations for the 9 months period ended 30 September 2021 and 30 September 2020.

1 January - 30 September 2021	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	6,705,514	13,654,145	24,619	(24,619)	20,359,659
Cost of sales (-)	(2,192,468)	(12,633,345)	-	-	(14,825,813)
Gross profit / (loss)	4,513,046	1,020,800	24,619	(24,619)	5,533,846
General administrative expenses (-)	(1,694,083)	(354,501)	(215,511)	28,092	(2,236,003)
Other income / (expense) from operating activities - net	(129,870)	(145,780)	(996)	(3,473)	(280,119)
Operating profit / (loss)	2,689,093	520,519	(191,888)	-	3,017,724
Financial income	41,468	370,611	180,050	(501,615)	90,514
Financial expense (-)	(1,029,186)	(22,489)	(543,190)	501,615	(1,093,250)
Profit / (loss) before taxation on income	1,701,375	868,641	(555,028)	-	2,014,988
Current tax expense (-)	(852,534)	(151,653)	-	-	(1,004,187)
Deferred tax income / (expense)	435,727	(53,579)	111,107	-	493,255
Net profit / (loss) for the period	1,284,568	663,409	(443,921)	-	1,504,056

(*) TL 156,068 of TL 341,820 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 11), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 30 September 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	5,925,743	10,959,878	22,126	(20,430)	16,887,317
Cost of sales (-)	(1,983,381)	(10,237,008)	-	-	(12,220,389)
Gross profit / (loss)	3,942,362	722,870	22,126	(20,430)	4,666,928
General administrative expenses (-)	(1,290,887)	(298,332)	(196,476)	24,499	(1,761,196)
Other income / (expense) from operating activities - net	(181,380)	63,558	(4,874)	(4,069)	(126,765)
Operating profit / (loss)	2,470,095	488,096	(179,224)	-	2,778,967
Financial income	166,946	145,402	(26,772)	(257,276)	28,300
Financial expense (-)	(975,987)	(22,781)	(333,435)	257,276	(1,074,927)
Profit / (loss) before taxation on income	1,661,054	610,717	(539,431)	-	1,732,340
Current tax expense (-)	(269,872)	(87,484)	-	-	(357,356)
Deferred tax income / (expense)	(88,837)	(46,280)	107,021	-	(28,096)
Net profit / (loss) for the period	1,302,345	476,953	(432,410)	-	1,346,888

(*) TL 156,068 of TL 301,221 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 11), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 July - 30 September 2021	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	2,525,989	5,868,818	8,890	(8,890)	8,394,807
Cost of sales (-)	(806,629)	(5,508,743)	-	-	(6,315,372)
Gross profit / (loss)	1,719,360	360,075	8,890	(8,890)	2,079,435
General administrative expenses (-)	(649,473)	(120,978)	(77,077)	10,067	(837,461)
Other income / (expense) from operating activities - net	(62,894)	(71,434)	512	(1,177)	(134,993)
Operating profit / (loss)	1,006,993	167,663	(67,675)	-	1,106,981
Financial income	(14,248)	111,126	63,579	(153,318)	7,139
Financial expense (-)	(357,816)	(9,622)	(171,594)	153,318	(385,714)
Profit / (loss) before taxation on income	634,929	269,167	(175,690)	-	728,406
Current tax expense (-)	(352,373)	32,185	-	-	(320,188)
Deferred tax income / (expense)	191,689	(100,608)	35,107	-	126,188
Net profit / (loss) for the period	474,245	200,744	(140,583)	-	534,406

(*) TL 52,594 of TL 123,043 depreciation and amortization expenses, represents amortization expenses of intangible assets, which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 July - 30 September 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	1,930,570	3,851,597	6,697	(6,315)	5,782,549
Cost of sales (-)	(610,900)	(3,559,908)	-	-	(4,170,808)
Gross profit / (loss)	1,319,670	291,689	6,697	(6,315)	1,611,741
General administrative expenses (-)	(428,076)	(104,116)	(66,836)	7,746	(591,282)
Other income / (expense) from operating activities - net	78,776	19,270	(4,889)	(1,431)	91,726
Operating profit / (loss)	970,370	206,843	(65,028)	-	1,112,185
Financial income	61,985	47,837	(27,970)	(64,528)	17,324
Financial expense (-)	(288,023)	(9,356)	(80,749)	64,528	(313,600)
Profit / (loss) before taxation on income	744,332	245,324	(173,747)	-	815,909
Current tax expense (-)	(142,924)	(80,699)	-	-	(223,623)
Deferred tax income / (expense)	(9,519)	21,879	33,928	-	46,288
Net profit / (loss) for the period	591,889	186,504	(139,819)	-	638,574

(*) TL 52,594 of TL 102,646 depreciation and amortization expenses, represents amortization expenses of intangible assets, which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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NOTE 4 - SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial position of its business segments related to the periods ended 30 September 2021 and 31 December 2020.

As at 30 September 2021	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	60,298	257,208	343	-	317,849
Trade receivables	2,371,691	2,769,666	4,803	(939,902)	4,206,258
Inventories	380,898	2,351	-	-	383,249
Derivative instruments	5,530	66,123	-	-	71,653
Financial assets	12,090,562	-	(2,900)	-	12,087,662
Right of use assets	206,464	46,415	5,850	-	258,729
Property, plant and equipment	837,035	83,018	4,189	(2,800)	921,442
Intangible assets	13,835	39,122	6,123,134	-	6,176,091
Deferred tax assets	38,759	69,508	289,031	-	397,298
Other receivables and assets	1,330,957	2,264,787	3,273,700	(5,010,140)	1,859,304
Total assets	17,336,029	5,598,198	9,698,150	(5,952,842)	26,679,535
Segment liabilities					
Financial liabilities	6,040,940	60,724	5,893,539	(1,960,450)	10,034,753
Other financial liabilities	398,312	-	-	-	398,312
Trade payables	980,942	2,147,495	2,850	(939,902)	2,191,385
Derivative instruments	19,318	19,129	-	-	38,447
Deferred tax liabilities	117,761	151	827,749	-	945,661
Other payables and liabilities	5,628,289	2,838,731	15,916	(3,045,490)	5,437,446
Total liabilities	13,185,562	5,066,230	6,740,054	(5,945,842)	19,046,004

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 11).

(*) As of 30 September 2021, the Group has recorded an impairment provision of TL 2,900 for its financial assets in accordance with IFRS 9 Financial Instruments.

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NOTE 4 - SEGMENT REPORTING (Continued)

As at 31 December 2020	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	43,804	544,673	94	-	588,571
Financial investments	126,108	-	-	-	126,108
Trade receivables	1,870,803	1,703,137	703	(630,975)	2,943,668
Inventories	163,877	5,662	-	-	169,539
Derivative instruments	28,487	7,642	-	-	36,129
Financial assets	11,470,840	-	(880)	-	11,469,960
Right of use assets	86,371	49,180	5,220	-	140,771
Property, plant and equipment	847,631	58,015	3,609	(7,000)	902,255
Intangible assets	21,079	55,559	6,280,398	-	6,357,036
Deferred tax assets	-	152,382	209,644	-	362,026
Other receivables and assets	1,183,326	2,470,451	3,683,725	(5,758,060)	1,579,442
Total assets	15,842,326	5,046,701	10,182,513	(6,396,035)	24,675,505
Segment liabilities					
Financial liabilities	6,507,559	57,051	5,392,975	(2,195,285)	9,762,300
Other financial liabilities	409,126	-	-	-	409,126
Trade payables	986,336	1,550,048	8,948	(630,975)	1,914,357
Derivative instruments	56,160	85,519	-	-	141,679
Deferred tax liabilities	507,433	-	859,546	-	1,366,979
Other payables and liabilities	2,818,703	2,580,622	2,091,208	(3,562,775)	3,927,758
Total liabilities	11,285,317	4,273,240	8,352,677	(6,389,035)	17,522,199

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 11).

(*) As of 31 December 2020, the Group has recorded an impairment provision of TL 880 for its financial assets in accordance with IFRS 9 Financial Instruments.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 30 September 2021	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	3,956,685	24,049	(36,057)	-	3,944,677
Profit for the period	1,284,568	663,409	(443,921)	-	1,504,056
Adjustments to reconcile net profit for the period	80,019	166,701	418,776	-	665,496
Changes in operating assets and liabilities	(130,447)	(530,461)	(9,549)	-	(670,457)
Cash generated from operating activities	1,234,140	299,649	(34,694)	-	1,499,095
Tax payments	(603,593)	(296,009)	-	-	(899,602)
Other cash inflows / (outflows)	3,326,138	20,409	(1,363)	-	3,345,184
Cash Flows from Investing Activities	(2,098,848)	307,100	497,786	(758,931)	(2,052,893)
Cash used for purchase of property, plant and equipment and intangible assets	(55,727)	(47,887)	(5,024)	-	(108,638)
Interest received	-	354,987	502,810	(758,931)	98,866
Other cash out-flows (*)	(2,169,229)	-	-	-	(2,169,229)
Cash receipt from sale of debt instruments	126,108	-	-	-	126,108
Cash Flows from Financing Activities	(1,841,343)	(618,614)	(461,480)	758,931	(2,162,506)
Increase / (decrease) in cash and cash equivalents	16,494	(287,465)	249	-	(270,722)
Cash and cash equivalents at the beginning of the period	43,804	544,673	94	-	588,571
Cash and cash equivalents at the end of the period	60,298	257,208	343	-	317,849

(*) Other cash out-flows include capital expenditures related to service concession arrangements.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 30 September 2020	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	2,174,901	134,659	(21,872)	-	2,287,688
Profit for the period	1,302,345	476,953	(432,410)	-	1,346,888
Adjustments to reconcile net profit for the period	64,410	272,691	412,445	-	749,546
Changes in operating assets and liabilities	(777,016)	(529,699)	1,062	-	(1,305,653)
Cash generated from operating activities	589,739	219,945	(18,903)	-	790,781
Tax payments	(161,378)	(110,110)	-	-	(271,488)
Other cash inflows / (outflows)	1,746,540	24,824	(2,969)	-	1,768,395
Cash Flows from Investing Activities	(1,780,047)	105,378	306,114	(427,933)	(1,796,488)
Cash used for purchase of property, plant and equipment and intangible assets	(100,180)	(31,320)	(2,907)	-	(134,407)
Interest received	-	136,698	309,021	(427,933)	17,786
Other cash out-flows (*)	(1,552,076)	-	-	-	(1,552,076)
Cash receipts from forward contracts, option contracts and swap contracts	(127,791)	-	-	-	(127,791)
Cash Flows from Financing Activities	(589,094)	105,633	(284,177)	427,933	(339,705)
Increase / (decrease) in cash and cash equivalents	(194,240)	345,670	65	-	151,495
Cash and cash equivalents at the beginning of the period	270,558	199,146	82	-	469,786
Cash and cash equivalents at the end of the period	76,318	544,816	147	-	621,281

(*) Other cash out-flows include capital expenditures related to service concession arrangements.

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NOTE 5 - RELATED PARTY TRANSACTIONS

The immediate parents and ultimate controlling parties of the Group are Sabancı (incorporated in Turkey) and E.ON (incorporated in Germany). Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties are classified according to the following groups and include all related party disclosures:

- (1) Sabancı Holding and E.ON group companies
- (2) Shareholder

Details of transactions between the Group and other related parties are disclosed below:

	30 September 2021	31 December 2020
Related party bank balances – Akbank T.A.Ş. (1)		
Demand deposits	87,605	63,829
Time deposits	49,408	414,206
	137,013	478,035

Loans provided by related parties	Original currency	Maturity	30 September 2021	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	1 October 2021	373	-
Akbank T.A.Ş. (1)	TL	1 October 2021	1,375	-
Akbank T.A.Ş. (1)	TL	1 October 2021	1,474	-
Akbank T.A.Ş. (1)	TL	1 October 2021	7,772	-
Akbank T.A.Ş. (1)	TL	1 October 2021	13,315	-
Akbank T.A.Ş. (1)	TL	9 November 2021	1,445	-
Akbank T.A.Ş. (1)	TL	16 November 2021	1,063	-
Akbank T.A.Ş. (1)	TL	25 November 2021	1,009	-
Akbank T.A.Ş. (1)	TL	7 February 2022	202,993	-
Akbank T.A.Ş. (1)	TL	22 April 2022	2,074	-
Akbank T.A.Ş. (1)	TL	17 May 2022	101,754	-
Akbank T.A.Ş. (1)	TL	17 May 2022	306,112	-
Akbank T.A.Ş. (1)	TL	18 May 2022	102,011	-
Akbank T.A.Ş. (1)	TL	16 June 2022	204,300	-
Akbank T.A.Ş. (1)	TL	16 June 2022	408,600	-
Akbank T.A.Ş. (1)	TL	27 June 2022	126,143	-
Akbank T.A.Ş. (1)	TL	27 June 2022	100,779	-
Akbank T.A.Ş. (1)	TL	27 June 2022	100,915	-
Akbank T.A.Ş. (1)	TL	27 June 2022	100,915	-
Akbank T.A.Ş. (1)	TL	9 March 2023	4,610	45,693
Akbank T.A.Ş. (1)	TL	9 March 2023	9,201	91,019
Akbank T.A.Ş. (1)	TL	9 March 2023	9,217	91,354
Akbank T.A.Ş. (1)	TL	9 March 2023	18,433	182,709
Akbank T.A.Ş. (1)	TL	9 March 2023	87,275	864,981
			1,913,158	1,275,756

As of 30 September 2021, the interest rates of TL related party loans utilized are in the range of 8.66% - 9.98% (31 December 2020: 8.40% - 9.98%). As of 30 September 2021, there is no foreign currency related party loans (31 December 2020: interest rate of USD related party loans: 3.68%).

As of 30 September 2021 and 31 December 2020, the Group has not given any collateral for the loans.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Loans provided by related parties	Original currency	Maturity	31 December 2020	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	EUR	15 January 2021	63,872	-
Akbank T.A.Ş. (1)	TL	25 February 2021	154,382	-
Akbank T.A.Ş. (1)	TL	8 March 2021	102,923	-
Akbank T.A.Ş. (1)	TL	11 May 2021	20,586	-
Akbank T.A.Ş. (1)	TL	11 May 2021	20,554	-
Akbank T.A.Ş. (1)	TL	2 June 2021	201	-
Akbank T.A.Ş. (1)	TL	25 November 2021	1,018	-
Akbank T.A.Ş. (1)	TL	7 February 2022	8,105	200,000
Akbank T.A.Ş. (1)	TL	17 May 2022	4,502	100,000
Akbank T.A.Ş. (1)	TL	17 May 2022	13,507	300,000
Akbank T.A.Ş. (1)	TL	18 May 2022	4,248	100,000
Akbank T.A.Ş. (1)	TL	16 June 2022	19,089	400,000
Akbank T.A.Ş. (1)	TL	16 June 2022	9,572	200,000
Akbank T.A.Ş. (1)	TL	27 June 2022	3,379	100,000
Akbank T.A.Ş. (1)	TL	27 June 2022	3,114	100,000
Akbank T.A.Ş. (1)	TL	27 June 2022	4,223	125,000
Akbank T.A.Ş. (1)	TL	27 June 2022	3,378	100,000
Akbank T.A.Ş. (1)	TL	9 March 2023	3,044	100,000
Akbank T.A.Ş. (1)	TL	9 March 2023	6,088	200,000
Akbank T.A.Ş. (1)	TL	9 March 2023	28,607	947,000
Akbank T.A.Ş. (1)	TL	9 March 2023	1,510	50,000
Akbank T.A.Ş. (1)	TL	9 March 2023	2,529	100,000
			478,431	3,122,000

Related party derivative instruments – Akbank T.A.Ş. (1)

	30 September 2021				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	152,670	38,566	1,752,452	19,473	(23,241)
	152,670	38,566	1,752,452	19,473	(23,241)
	31 December 2020				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	183,228	40,003	1,705,328	32,753	(102,918)
	183,228	40,003	1,705,328	32,753	(102,918)

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	30 September 2021	
	Receivables	Payables
	Current	Current
Balances with Related Parties	Trade	Trade
Akbank T.A.Ş. (1)	7,112	15
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	11	-
Aksigorta A.Ş. (1)	-	36,881
Avivasa Emeklilik ve Hayat A.Ş. (1)	49	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	38	-
Carrefoursa A.Ş. (1)	11,832	-
Enerjisa Üretim Santralleri A.Ş. (1)	111	122,563
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	583	58
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	3,366
Teknosa İç ve Dış Ticaret A.Ş. (1)	446	-
	<u>20,182</u>	<u>162,883</u>
31 December 2020		
	Receivables	Payables
	Current	Current
	Trade	Trade
Akbank T.A.Ş. (1)	5,561	17
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	1,098	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	81	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	51	525
Carrefoursa A.Ş. (1)	9,942	-
Enerjisa Üretim Santralleri A.Ş. (1)	326	122,405
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	393	259
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	6,393
Teknosa İç ve Dış Ticaret A.Ş. (1)	344	-
	<u>17,796</u>	<u>129,599</u>

(*) Includes IT consulting and software fees that are billed to the Group companies by Sabancı DX one of the Group companies.

(**) Short term trade receivables and payables includes electricity sales to Sabancı and consultancy services from Sabancı.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

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

	1 January - 30 September 2021	1 January - 30 September 2020
Short-term employee benefits	35,232	25,124
Long-term employee benefits	1,273	702
	<u>36,505</u>	<u>25,826</u>

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 30 September 2021					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	49,233	-	49,707	228,893	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	16	-	-	-	-	-
Aksigorta A.Ş. (1)	25	-	-	-	20,424	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	532	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	327	-	-	-	-	1,634
Carrefoursa A.Ş. (1)	95,399	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	12	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	2,231	572,589	-	-	-	1,527
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	3,416	-	-	-	196	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	19,906	7
Teknosa İç ve Dış Ticaret A.Ş. (1)	3,487	-	-	-	-	-
Other (1)	348	-	-	-	-	-
	<u>155,026</u>	<u>572,589</u>	<u>49,707</u>	<u>228,893</u>	<u>40,526</u>	<u>3,168</u>

(*) Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

(**) Includes electricity sales to Sabancı and consultancy services from Sabancı.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 30 September 2020					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	46,895	-	17,748	369,107	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	4,081	-	-	-	-	-
Aksigorta A.Ş. (1)	31	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	587	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	235	-	-	-	-	-
Carrefoursa A.Ş. (1)	90,120	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	1,558	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	493	558,319	-	-	74	369
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	4,800	-	-	-	154	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	12,672	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	3,399	-	-	-	61	-
	<u>152,199</u>	<u>558,319</u>	<u>17,748</u>	<u>369,107</u>	<u>12,961</u>	<u>369</u>

(*) Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

(**) Includes electricity sales to Sabancı and consultancy services from Sabancı.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

6.1 Trade Receivables:

	30 September 2021	31 December 2020
<u>Current Trade Receivables</u>		
Trade receivables	7,218,515	5,676,392
Due from related parties (Note 5)	20,182	17,796
Allowance for doubtful receivables (-)	(3,032,439)	(2,750,520)
	<u>4,206,258</u>	<u>2,943,668</u>

As of 30 September 2021, trade receivables amounting TL 3,253,284 (31 December 2020: TL 2,207,254) were neither past due nor impaired. Interest is charged at 1.6% for the period of 1 January 2021 – 30 September 2021 per month on the overdue receivable balances (1.6% per month for the period of 1 January 2020 – 31 December 2020).

As of 30 September 2021, trade receivables amounting TL 952,974 (31 December 2020: TL 736,414) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 30 September 2021 and 31 December 2020 is as follows:

	30 September 2021	31 December 2020
Up to 1 months	538,586	410,056
1 to 3 months	210,212	177,051
Over 3 months	204,176	149,307
	<u>952,974</u>	<u>736,414</u>

The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non-overdue receivables.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

6.1 Trade Receivables (Continued)

Movement of allowance for the doubtful trade receivables are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	(2,750,520)	(2,077,215)
Charge for the period	(391,133)	(580,893)
Amounts collected during the period	109,214	125,398
Write offs	-	1,975
Closing balance	<u>(3,032,439)</u>	<u>(2,530,735)</u>

The Group received guarantee letters amounting to TL 1,009,016 (31 December 2020: TL 807,383) and deposits and guarantees amounting to TL 2,400,361 (31 December 2020: TL 2,085,433) as collateral for its electricity receivables.

6.2 Trade Payables

	30 September 2021	31 December 2020
<u>Current Trade Payables</u>		
Trade payables	2,028,502	1,784,758
Due to related parties (Note 5)	162,883	129,599
	<u>2,191,385</u>	<u>1,914,357</u>

Trade payables mainly arise from the Group’s electricity purchases from Türkiye Elektrik A.Ş. (“EÜAŞ”) and Enerji Piyasaları İşletme A.Ş. (“EPIAŞ”). The average maturity of the payables related to electricity purchases is between 18 - 20 days.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

7.1 Other Receivables

	30 September 2021	31 December 2020
Other Current Receivables		
Income accruals (*)	1,018,401	532,327
Deposits and guarantees given	27,507	26,384
Receivables from personnel	184	28
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	29,710	33,306
	<u>1,072,679</u>	<u>588,922</u>
	30 September 2021	31 December 2020
Other Non-Current Receivables		
Deposits and guarantees given (**)	425,201	356,385
Income accruals (*)	-	414,846
Other sundry receivables (***)	205,954	162,508
	<u>631,155</u>	<u>933,739</u>

(*) According to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations the Group’s distribution, transmission and meter reading services are subject to revenue caps. Realized revenue is determined in a way to cover operating expenses and investment requirements related to distribution, transmission and meter reading. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. These regulations guarantee revenue to the Group regardless of the consumption level. The under billings or overbillings made by the Group are calculated at every year end and are adjusted through the tariffs to be effective in two years by EMRA. The effects of the under billings, which means the actual revenue is below the revenue cap set by EMRA, are accounted as income accruals at the Group’s accompanying consolidated financial statements.

(**) The balance represents subscription fees refunded to the subscribers, subscribed before 31 March 2006 for EPS and 24 July 2006 for AEPSAŞ and TOROSLAR EPSAŞ (Note 1) when they leave the system. The balances were paid to the subscribers based on their indexed amounts as required by EMRA periodically. According to the TOR Agreement signed with TEDAŞ, retail companies (EPS, AEPSAŞ and TOROSLAR EPSAŞ) are obliged to keep deposits refunded with their fair values and the net balance of deposits received and paid will be paid back to TEDAŞ at the end of the license periods.

(***) The Group management has assessed that the severance payment provision can be taken with the revenue requirement and has imposed an accrued income for the severance payment provision calculated.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	(3,123)	(3,123)
Closing balance	(3,123)	(3,123)

7.2 Other Payables

	30 September 2021	31 December 2020
Other Current Payables		
Deposits received (*)	2,400,361	2,085,433
Lighting payables	43,236	43,236
Other	302,916	450,408
	<u>2,746,513</u>	<u>2,579,077</u>

(*) The Group receives deposits from the customers subscribed after 31 March 2006 for EPS and 24 July 2006 for AEPSAŞ and TOROSLAR EPSAŞ (Note 1) upon their subscription on behalf of TEDAŞ and these deposits are initially recorded at their fair values as the subscription fee charged to customers represents the fees announced by EMRA. According to the TOR Agreements signed with TEDAŞ, retail companies (EPS, AEPSAŞ and TOROSLAR EPSAŞ) are obliged to carry the deposits received by their revalued amounts and the net balance of deposits received and paid will be paid back to TEDAŞ at the end of the license period.

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NOTE 8 - FINANCIAL ASSETS

	Financial assets	
	30 September 2021	31 December 2020
Within one year	2,577,278	2,348,112
1-3 years	4,414,556	3,831,451
3-5 years	3,665,380	2,831,053
More than 5 years	1,430,448	2,459,344
	<u>12,087,662</u>	<u>11,469,960</u>
Current financial assets	2,577,278	2,348,112
Non - current financial assets	9,510,384	9,121,848
	<u>12,087,662</u>	<u>11,469,960</u>
	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	11,469,960	10,543,836
Investments	2,077,891	1,296,286
Collections	(3,295,486)	(1,690,796)
<i>CAPEX reimbursements</i>	<i>(1,914,982)</i>	<i>(1,006,218)</i>
<i>WACC reimbursements</i>	<i>(1,380,504)</i>	<i>(684,578)</i>
Financial income (Note 14)	1,837,317	1,687,484
Provision of impairment for financial assets	(2,020)	(576)
Closing balance	<u>12,087,662</u>	<u>11,836,234</u>

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NOTE 9 - RIGHT OF USE ASSETS

	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2021	107,314	188,561	295,875
Additions	5,697	187,130	192,827
Variable lease payment adjustment	5,116	-	5,116
Closing balance as of 30 September 2021	118,127	375,691	493,818
Accumulated Depreciation			
Opening balance as of 1 January 2021	(39,918)	(115,186)	(155,104)
Charge for the period	(16,738)	(63,247)	(79,985)
Closing balance as of 30 September 2021	(56,656)	(178,433)	(235,089)
Carrying value as of 30 September 2021	61,471	197,258	258,729
Cost			
Opening balance as of 1 January 2020	76,916	141,989	218,905
Additions	20,638	12,981	33,619
Variable lease payment adjustment	1,119	-	1,119
Closing balance as of 30 September 2020	98,673	154,970	253,643
Accumulated Depreciation			
Opening balance as of 1 January 2020	(19,163)	(54,259)	(73,422)
Charge for the period	(15,657)	(42,546)	(58,203)
Closing balance as of 30 September 2020	(34,820)	(96,805)	(131,625)
Carrying value as of 30 September 2020	63,853	58,165	122,018

Depreciation expense of TL 79,985 are accounted in general administrative expenses (30 September 2020: TL 58,203).

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENTS

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost					
Opening balance as of 1 January 2021	657,431	15,116	252,225	209,708	1,134,480
Additions	46,010	2,825	25,883	23,768	98,486
Transfers from constructions in progress	-	-	-	(361)	(361)
Closing balance as of 30 September 2021	703,441	17,941	278,108	233,115	1,232,605
Accumulated Depreciation					
Opening balance as of 1 January 2021	(138,481)	(13,016)	(80,728)	-	(232,225)
Charge for the period	(42,409)	(2,554)	(33,975)	-	(78,938)
Closing balance as of 30 September 2021	(180,890)	(15,570)	(114,703)	-	(311,163)
Carrying value as of 30 September 2021	522,551	2,371	163,405	233,115	921,442
Cost					
Opening balance as of 1 January 2020	360,798	15,116	176,536	40,549	592,999
Additions	84,482	-	19,311	17,865	121,658
Closing balance as of 30 September 2020	445,280	15,116	195,847	58,414	714,657
Accumulated Depreciation					
Opening balance as of 1 January 2020	(61,603)	(8,268)	(39,585)	-	(109,456)
Charge for the period	(35,513)	(3,627)	(27,406)	-	(66,546)
Closing balance as of 30 September 2020	(97,116)	(11,895)	(66,991)	-	(176,002)
Carrying value as of 30 September 2020	348,164	3,221	128,856	58,414	538,655

	Useful Life
Plant, machinery and equipment	5-25 years
Motor vehicles	3 years
Furniture and fixtures	5 years

Depreciation expense of TL 75,493 and TL 3,445 are accounted in general administrative expenses and cost of sales, respectively (30 September 2020: general administrative expenses: TL 63,377 and cost of sales: TL 3,169).

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NOTE 11 - INTANGIBLE ASSETS

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Leasehold improvements	Other intangible assets	Total
Cost							
Opening balance as of 1 January 2021	4,390,673	1,650,121	2,730,031	153,073	4,973	7,758	8,936,629
Additions	-	-	-	1,551	-	40	1,591
Transfers from constructions in progress	-	-	-	361	-	-	361
Closing balance as of 30 September 2021	<u>4,390,673</u>	<u>1,650,121</u>	<u>2,730,031</u>	<u>154,985</u>	<u>4,973</u>	<u>7,798</u>	<u>8,938,581</u>
Accumulated Amortization							
Opening balance as of 1 January 2021	(1,307,803)	(434,806)	(752,904)	(79,267)	(1,855)	(2,958)	(2,579,593)
Charge for the period	(113,768)	(42,300)	-	(25,538)	(782)	(509)	(182,897)
Closing balance as of 30 September 2021	<u>(1,421,571)</u>	<u>(477,106)</u>	<u>(752,904)</u>	<u>(104,805)</u>	<u>(2,637)</u>	<u>(3,467)</u>	<u>(2,762,490)</u>
Carrying value as of 30 September 2021	<u>2,969,102</u>	<u>1,173,015</u>	<u>1,977,127</u>	<u>50,180</u>	<u>2,336</u>	<u>4,331</u>	<u>6,176,091</u>
Cost							
Opening balance as of 1 January 2020	4,390,673	1,650,121	2,730,031	105,720	4,374	7,452	8,888,371
Additions	-	-	-	2,375	-	-	2,375
Closing balance as of 30 September 2020	<u>4,390,673</u>	<u>1,650,121</u>	<u>2,730,031</u>	<u>108,095</u>	<u>4,374</u>	<u>7,452</u>	<u>8,890,746</u>
Accumulated Amortization							
Opening balance as of 1 January 2020	(1,155,695)	(378,251)	(752,904)	(49,762)	(964)	(2,390)	(2,339,966)
Charge for the period	(113,768)	(42,300)	-	(19,322)	(655)	(427)	(176,472)
Closing balance as of 30 September 2020	<u>(1,269,463)</u>	<u>(420,551)</u>	<u>(752,904)</u>	<u>(69,084)</u>	<u>(1,619)</u>	<u>(2,817)</u>	<u>(2,516,438)</u>
Carrying value as of 30 September 2020	<u>3,121,210</u>	<u>1,229,570</u>	<u>1,977,127</u>	<u>39,011</u>	<u>2,755</u>	<u>4,635</u>	<u>6,374,308</u>

Amortization expense of TL 182,542 and TL 355 are accounted in general administrative expenses and cost of sales, respectively (30 September 2020: general administrative expenses: TL 176,220 and cost of sales: TL 252).

Customer contracts and related relationships and transfer of operating rights are recognized separately during the business combination according to IFRS 3.

On 31 March 2006 BAŞKENT EDAŞ and on 24 July 2006, AYEDAŞ and TOROSLAR EDAŞ signed TOR Agreements with TEDAŞ. In accordance with the TOR agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, and the other movables and immovable which are crucial for the operation of the distribution facilities to BAŞKENT EDAŞ until the end of 2036 and to AYEDAŞ and TOROSLAR EDAŞ until the end of 2042. Based on the future cash flows fair value of the TOR agreements are determined. The residual value of TOR after the portion recognized as financial asset which calculated based on IFRIC 12 (Note 10) is recognized as intangible asset based on IFRS 3.

The Group recognized TL 3,997 under other intangible assets, in connection with E-şarj purchase price amounting to TL 4,000. TL 200 portion of this price which was accounted as contingent liabilities for 13 months following the purchase transaction is paid to the shareholders in accordance with agreement conditions on 31 May 2019.

In recognition of customer contracts and related relationships; relationships with the different customer groups are identified and a fair value for retail customers is estimated by Group management.

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NOTE 11 - INTANGIBLE ASSETS (Continued)

Customer contracts and related relationships and TOR amortization is calculated on a straight line basis in a range between 25-30 years and charged to operating expenses.

As of 30 September 2021, there is no impairment on goodwill (31 December 2020: None).

NOTE 12 - COMMITMENT AND CONTINGENCIES

<u>30 September 2021</u>	<u>TL Equivalent</u>	<u>TL</u>	<u>USD</u>	<u>EUR</u>
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	7,661	7,661	-	-
- <i>Collateral</i>	7,661	7,661	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,606,070	2,585,653	2,033	230
- <i>Collateral</i>	2,606,070	2,585,653	2,033	230
Total	<u>2,613,731</u>	<u>2,593,314</u>	<u>2,033</u>	<u>230</u>
<u>31 December 2020</u>	<u>TL Equivalent</u>	<u>TL</u>	<u>USD</u>	<u>EUR</u>
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	8,131	8,131	-	-
- <i>Collateral</i>	8,131	8,131	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,220,071	2,143,123	9,955	430
- <i>Collateral</i>	2,220,071	2,143,123	9,955	430
Total	<u>2,228,202</u>	<u>2,151,254</u>	<u>9,955</u>	<u>430</u>

Mandatory investments

As the regulated incumbent electricity distribution operator, the Distribution companies have an obligation to make any required expansion investments to the grid infrastructure in order to ensure the security of supply to all customers of the respective region. Such expansion investments are mostly a result of new customer or transmission connection requests as well as new street lighting projects initiated by municipalities that also fall under the regulated activities of Distribution companies.

Energy Sales Agreements

Distribution and retail companies signed Energy Sales Agreements (“ESA”) with EÜAŞ in order to obtain their energy needs during the year. These energy sales agreements have been established based on regulated prices. During the year, the Group is obliged to purchase the energy quantity stated in these agreements. At the current operating conditions and market structure, the Group’s energy needs are higher than the contracted quantities and the Group makes purchases regularly from EPIAŞ. As a result, the Group management does not expect any liability related to the Energy Sales Agreements arising from not fulfilling the requirements of Energy Sales Agreements.

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NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

13.1 Share Capital

Shareholders	30 September 2021		31 December 2020	
	Share (%)	TL	Share (%)	TL
Hacı Ömer Sabancı Holding A.Ş.	40	472,427.6	40	472,427.6
DD Turkey Holdings S.A.R.L. (E.ON)	40	472,427.6	40	472,427.6
Other	20	236,213.8	20	236,213.8
	100	1,181,069	100	1,181,069
Adjustment to share capital (*)		1,954,164		2,416,412
Total share capital		3,135,233		3,597,481

(*) Adjustment to share capital, refers to the amount of registered capital as a capital reserve in the statutory capital after the merger and separation processes according to the legislation (Note 1). This amount is classified as capital adjustment differences to comply with IFRS requirements.

With the decision of the Board of Directors on 20 April 2017, Enerjisa Enerji A.Ş. merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") and the subsidiaries of EEDAŞ together with all their assets and liabilities with the takeover method. In addition, on 25 August 2017, the Group's electricity generation and wholesale business areas were separated and structured under another company. As a result of these transactions, necessary corrections are made in the registered share capital and the statutory capital after merger and split has been reached.

In the statutory financials prepared in accordance with the tax procedure law, the loss for previous years in amount of TL 462,248 has been netted off with adjustments to share capital (31 December 2020: TL 210,120).

As at 30 September 2021, the capital of the Company comprising 118,106,897 thousand (31 December 2020: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2020: TL 0.01 each).

13.2 Earnings per share

Earnings per share for each class of share disclosed in the consolidated statements of profit or loss and other comprehensive income is determined by dividing the profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of shares that have been outstanding during the year.

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Profit for the period	1,504,056	1,346,888	534,406	638,574
Weighted average shares	118,106,896,712	118,106,896,712	118,106,896,712	118,106,896,712
Earnings per share (kr)	1.27	1.14	0.45	0.54

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NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

13.3 Restricted Profit Reserves

	30 September 2021	31 December 2020
Restricted Profit Reserves	394,232	320,115
	<u>394,232</u>	<u>320,115</u>

The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, if they do not exceed the capital or issued capital general legal reserves can be used to offset prior year losses or recapitalize the business in case of distress.

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NOTE 14 - REVENUE

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Revenue from electricity sales and services provided	18,405,262	15,180,964	7,614,073	5,177,195
<i>Retail sales revenue</i>	13,099,258	10,601,993	5,636,863	3,715,708
<i>Regulated revenue</i>	8,289,301	7,972,841	3,470,715	2,634,362
<i>Liberalised revenue</i>	4,809,957	2,629,152	2,166,148	1,081,346
<i>Retail service revenue</i>	437,807	340,712	156,684	129,228
<i>Distribution lighting sales revenue</i>	303,085	227,894	108,467	71,384
<i>Distribution service revenue</i>	3,420,580	2,994,047	1,309,855	955,139
<i>Transmission revenue</i>	1,144,532	1,016,318	402,204	305,736
Financial income from service concession arrangements (Note 8, 23)	1,837,317	1,687,484	705,463	598,311
Other revenue	117,080	18,869	75,271	7,043
	<u>20,359,659</u>	<u>16,887,317</u>	<u>8,394,807</u>	<u>5,782,549</u>

NOTE 15 - COST OF SALES

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Electricity purchases	(13,626,352)	(11,198,892)	(5,883,848)	(3,863,139)
<i>Retail energy purchases</i>	(12,578,416)	(10,231,829)	(5,479,423)	(3,557,975)
<i>Distribution related energy purchases (*)</i>	(1,047,936)	(967,063)	(404,425)	(305,164)
System usage fee (**)	(1,144,532)	(1,016,318)	(402,204)	(305,736)
Depreciation and amortization expenses (Note 10, 11)	(3,800)	(3,421)	(1,228)	(1,114)
Other	(51,129)	(1,758)	(28,092)	(819)
	<u>(14,825,813)</u>	<u>(12,220,389)</u>	<u>(6,315,372)</u>	<u>(4,170,808)</u>

(*) Includes theft/loss and lighting related electricity purchases.

(**) Includes system usage costs reflected as transmission revenue.

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NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
General administrative expenses (-)	(2,236,003)	(1,761,196)	(837,461)	(591,282)
	<u>(2,236,003)</u>	<u>(1,761,196)</u>	<u>(837,461)</u>	<u>(591,282)</u>

Details of general administrative expenses are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Payroll and employee benefit expenses	(1,100,056)	(842,177)	(395,849)	(284,676)
Depreciation and amortization expenses (Note 9, 10, 11)	(338,020)	(297,800)	(121,815)	(101,532)
Fleet management expenses	(117,392)	(90,824)	(47,534)	(32,446)
Material expenses	(98,005)	(103,650)	(43,392)	(32,945)
Repair and maintenance expenses	(92,077)	(57,825)	(57,135)	(19,373)
Legal and lawsuit provision expenses	(73,394)	(51,134)	(21,265)	(14,603)
Outsourcing expenses	(58,969)	(52,118)	(20,213)	(17,849)
Duties, taxes and levies	(52,044)	(34,146)	(14,717)	(11,333)
Rent expenses	(49,879)	(26,127)	(24,464)	(8,694)
Insurance expenses	(33,819)	(21,821)	(11,720)	(6,817)
Consulting expenses	(20,486)	(18,881)	(6,078)	(6,447)
Travel expenses	(7,765)	(6,534)	(3,110)	(1,141)
Other expenses	(194,097)	(158,159)	(70,169)	(53,426)
	<u>(2,236,003)</u>	<u>(1,761,196)</u>	<u>(837,461)</u>	<u>(591,282)</u>

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NOTE 17 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

17.1 Other Income From Operating Activities

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Late payment interest income from electricity receivables	155,053	128,688	56,695	47,660
Power theft penalties	97,993	102,300	40,913	52,238
Lawsuit income	45,152	9	10,959	3
Interest income related to revenue cap regulation - net (Note 23)	37,035	30,556	12,345	10,186
Rent and advertisement income	2,891	12,509	363	7,619
Income from operational hedge transactions - net	-	224,399	(4,556)	110,603
Reversal of impairment provision on financial assets	-	-	-	(29)
Other income	30,859	10,109	24,281	4,185
	<u>368,983</u>	<u>508,570</u>	<u>141,000</u>	<u>232,465</u>

17.2 Other Expenses From Operating Activities

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Provision for doubtful receivables - net (Note 6)	(281,919)	(455,495)	(117,771)	(53,243)
Valuation differences arising from deposits and guarantees (Note 23)	(221,710)	(103,203)	(79,571)	(42,724)
Foreign exchange losses from operating activities	(44,625)	(33,689)	(4,581)	(19,146)
Losses from operational hedge transactions - net	(25,777)	-	(25,777)	-
Customer penalty expenses	(18,956)	-	(14,720)	-
Impairment provision on financial assets (Note 8) (*)	(2,020)	(576)	636	(576)
Penalty expenses	(1,619)	(27,102)	(959)	(19,033)
Other expenses	(52,476)	(15,270)	(33,250)	(6,017)
	<u>(649,102)</u>	<u>(635,335)</u>	<u>(275,993)</u>	<u>(140,739)</u>

(*) As of 30 September 2021, the Group has been recorded additional impairment provision of TL (2,020) for its financial assets, which had been recorded as at 31 December 2020 in the amount of TL (880) in accordance with the amendments in IFRS 9 Financial Instruments Standard (30 September 2020: (576) TL provision).

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NOTE 18 - FINANCE INCOME AND EXPENSES

18.1 Finance Income

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Interest income	90,514	28,300	7,139	17,324
	<u>90,514</u>	<u>28,300</u>	<u>7,139</u>	<u>17,324</u>

18.2 Finance Expenses

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Interest expenses of borrowings	(1,014,188)	(935,584)	(354,824)	(287,853)
Foreign exchange gains / (losses) - net	(56,967)	(31,567)	(24,776)	(12,700)
Bank commission expenses	(22,095)	(107,776)	(6,114)	(13,047)
	<u>(1,093,250)</u>	<u>(1,074,927)</u>	<u>(385,714)</u>	<u>(313,600)</u>

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NOTE 19 - TAX ASSETS AND LIABILITIES

	30 September 2021	31 December 2020
<u>Current assets related with current taxes</u>		
Prepaid taxes and funds	34,498	14
	<u>34,498</u>	<u>14</u>
	30 September 2021	31 December 2020
<u>Current tax liability</u>		
Current corporate tax provision	1,004,187	537,986
Less: Prepaid taxes and funds	(692,043)	(364,911)
	<u>312,144</u>	<u>173,075</u>
	1 January - 30 September 2021	1 January - 30 September 2020
<u>Tax expense recognized in profit or loss</u>		
Current tax expense	(1,004,187)	(357,356)
Deferred tax income relating to the origination and reversal of temporary differences, net	493,255	(28,096)
Total tax expense	<u>(510,932)</u>	<u>(385,452)</u>

Corporate tax

The Group is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the tax-exempt earnings, other exempt income and other deductions (losses of previous periods, investment incentives utilized).

Valid rate of corporate tax in 2021 is 25% (31 December 2020: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20%. In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate will be applied to the profits related to their 2021 tax periods and as 23% corporate tax rate to the profits related to their 2022 tax periods. The amendment will be valid for the taxable corporate income starting from 1 January 2021, beginning with the advance Corporate Tax Declarations which must be declared as of 1 July 2021. The companies apply 25% tax rate over their quarterly profits (23% for the year 2022 and 22% for the year 2023 and onwards) when calculating their temporary tax payables; which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th, and pay by the end of the 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 15%. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred tax

The Group recognizes deferred tax assets and liabilities on the temporary timing differences between the legal books and the financial statements prepared in accordance with IFRS. Such differences generally arise from timing differences of some revenue and expense balances in legal books and financial statements prepared in accordance with IFRS and are explained below.

For calculation of deferred tax assets and liabilities as of 30 September 2021, the rate of 25% is used (2020: 22%).

The corporate tax rate, which is 20% as of 31 March 2021, is determined as 25% for 2021 corporate earnings and as 23% for 2022 corporate earnings. Therefore, for deferred tax calculation as of 30 September 2021, 25% tax rate is used for the temporary differences expected/expected to be incurred in 2021, 23% tax rate is used for the temporary differences expected/expected to be incurred in 2022 and 20% tax rate is used for the current differences expected/expected to be incurred in 2023 and onwards.

	30 September 2021	31 December 2020
Deferred tax (assets) / liabilities		
Differences arising from customer contracts and transfer of operational rights	828,337	859,651
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	259,068	342,506
Carrying amount differences of right of use assets and lease liabilities	(11,314)	(4,147)
Provision for employment termination benefits	(1,596)	(2,712)
Provision for doubtful receivables	(40,850)	(36,720)
Provision for lawsuits	(64,186)	(56,544)
Provision for unused vacation	(15,776)	(10,918)
Effect of revenue cap adjustments	(272,348)	72,416
Late payment penalties	8,764	12,508
Carry forward tax losses	(287,863)	(212,906)
Other	146,127	41,819
	<u>548,363</u>	<u>1,004,953</u>

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

	30 September 2021	31 December 2020
Deferred tax (asset)	(397,298)	(362,026)
Deferred tax liability	945,661	1,366,979
Deferred tax (asset) / liability, net	<u>548,363</u>	<u>1,004,953</u>

Movement of deferred tax (assets)/liabilities is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	1,004,953	1,233,828
Charged to statement of profit or loss	(493,255)	28,096
Charged to other comprehensive income / expense	36,665	35,377
Closing balance	<u>548,363</u>	<u>1,297,301</u>

Deferred tax assets may only be recognized to the extent it is probable that sufficient taxable profit will be available in the future. In case of a probable tax advantage, deferred income tax asset is calculated for unused carry forward tax losses and unused investment incentive.

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

At 30 September 2021, the Group recognized deferred tax assets amounting to TL 287,863 for unused carry forward tax losses amounting to TL 1,439,313 since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilise such assets based on the forecasts made (31 December 2020: TL 212,906 and TL 1,064,529 respectively).

The expiration dates of previous years' losses on which deferred tax asset was recognized are as follows:

	30 September 2021	31 December 2020
Expiring in 2021	124	124
Expiring in 2022	255	2,207
Expiring in 2023	184,835	184,835
Expiring in 2024	356,841	357,564
Expiring in 2025	513,306	519,799
Expiring in 2026	383,952	-
	<u>1,439,313</u>	<u>1,064,529</u>

The expiration dates of previous years' losses on which deferred tax asset was not recognized are as follows:

	30 September 2021	31 December 2020
Expiring in 2021	191,541	191,541
Expiring in 2022	-	-
Expiring in 2023	381,702	381,702
Expiring in 2024	186,989	186,989
	<u>760,232</u>	<u>760,232</u>

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NOTE 20 - FINANCIAL INSTRUMENTS

20.1 Financial Liabilities

	30 September 2021	31 December 2020
Short-term borrowings	808,175	1,098,798
Short-term portion of long term lease liabilities	107,618	68,840
Short-term portion of long term bonds issued	792,998	857,501
Short-term portion of long-term borrowings	4,663,666	646,776
	<u>6,372,457</u>	<u>2,671,915</u>
Long-term borrowings	2,810,323	6,232,333
Long-term lease liabilities	179,408	94,432
Long-term bonds issued	672,565	763,620
	<u>3,662,296</u>	<u>7,090,385</u>
Total financial liabilities	<u>10,034,753</u>	<u>9,762,300</u>

The borrowings and bonds issued are repayable as follows:

	30 September 2021	31 December 2020
To be paid within 1 year	6,264,839	2,603,075
To be paid between 1-2 years	2,809,608	4,715,879
To be paid between 2-3 years	462,545	1,956,905
To be paid between 3-4 years	210,735	278,725
To be paid between 4-5 years	-	44,444
	<u>9,747,727</u>	<u>9,599,028</u>

As of 30 September 2021 and 31 December 2020, the Group has not given any collateral for the loans obtained.

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NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.1 Financial Liabilities (Continued)

As of 30 September 2021 and 31 December 2020, details of short and long term financial borrowings in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	30 September 2021	
		Current	Non-current
TL		5,326,841	2,810,323
<i>Fixed rate</i>	10.54%	4,813,060	1,275,756
<i>TLREF indexed</i>	TLREF + 1.55%-2.40%	513,781	1,534,567
EUR (*)	2.10%	145,000	-
		<u>5,471,841</u>	<u>2,810,323</u>

Currency	Weighted average effective interest rate	31 December 2020	
		Current	Non-current
TL		1,618,179	6,232,333
<i>Fixed rate</i>	9.22%	1,250,337	5,266,000
<i>TLREF indexed</i>	TLREF + 1.70%-2.00%	367,842	966,333
EUR (**)	2.89%	127,395	-
		<u>1,745,574</u>	<u>6,232,333</u>

(*) Foreign currency risk associated with the EUR denominated borrowing of the Group are fully hedged through foreign currency swap instrument.

(**) The Group has invested on EUR government bond with the same maturity of EUR bank loan borrowed on the same date. There is no foreign currency risk related to this transaction.

As of 30 September 2021 and 31 December 2020, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	30 September 2021	
		Current	Non-current
TL		792,998	672,565
<i>CPI indexed</i>	CPI + 4.8%-5.0%	789,157	272,565
<i>TLREF indexed</i>	TLREF + 1.40%	3,841	400,000
		<u>792,998</u>	<u>672,565</u>

Currency	Weighted average effective interest rate (*)	31 December 2020	
		Current	Non-current
TL		857,501	763,620
<i>CPI indexed</i>	CPI + 4.8%-5.0%	857,501	763,620
		<u>857,501</u>	<u>763,620</u>

(*) As of 30 September 2021, the interests are variable indexed to TLREF and CPI; and the annual real coupon rates are 1.40% for TLREF-indexed bond and varies from 4.8% to 5% for CPI-indexed bonds (31 December 2020: 4.8% to 5.0%).

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NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.1 Financial Liabilities (Continued)

As of 30 September 2021, the principal valuation of bonds is TL 455,315 (31 December 2020: TL 591,867).

As of 30 September 2021 and 31 December 2020, details of lease liabilities are as follows:

	30 September 2021	31 December 2020
<u>Short-term portion of long term lease liabilities</u>		
Buildings	23,824	18,537
Vehicles	83,794	50,303
	<u>107,618</u>	<u>68,840</u>
	30 September 2021	31 December 2020
<u>Long-term lease liabilities</u>		
Buildings	48,027	57,876
Vehicles	131,381	36,556
	<u>179,408</u>	<u>94,432</u>

The lease liabilities are repayable as follows:

	30 September 2021	31 December 2020
To be paid within 1 year	107,618	68,840
To be paid between 1-2 years	96,954	46,047
To be paid between 2-3 years	71,274	31,798
To be paid between 3-4 years	10,206	12,404
To be paid between 4-5 years	882	4,057
To be paid after 5 years and over	92	126
	<u>287,026</u>	<u>163,272</u>

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NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.2 Other Financial Liabilities

	30 September 2021	31 December 2020
Other current financial liabilities	78,428	68,743
Other non-current financial liabilities	319,884	340,383
	<u>398,312</u>	<u>409,126</u>

The other financial liabilities are repayable as follows:

	30 September 2021	31 December 2020
To be paid within 1 year	78,428	68,743
To be paid between 1-2 years	42,704	70,559
To be paid between 2-3 years	44,572	37,789
To be paid between 3-4 years	46,520	39,442
To be paid between 4-5 years	48,554	41,166
To be paid after 5 years and over	137,534	151,427
	<u>398,312</u>	<u>409,126</u>

As of 30 September 2021 and 31 December 2020, details of short and long term other financial liabilities in terms of currencies are as follows:

Currency	Weighted average effective interest rate	30 September 2021	
		Current	Non-current
EUR	4.70%	78,428	319,884
		<u>78,428</u>	<u>319,884</u>

Currency	Weighted average effective interest rate	31 December 2020	
		Current	Non-current
EUR	4.70%	68,743	340,383
		<u>68,743</u>	<u>340,383</u>

After the acquisition of distribution regions, payment obligations of TEDAŞ denominated in EUR, which are in scope of loan agreements with European Investment Bank and World Bank have been transferred to the Group. Other financial liabilities are composed of EUR payment obligations of distribution companies to TEDAŞ in this scope.

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NOTE 21 - DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases, unit price investments and foreign currency denominated other financial liabilities. Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loan, the Group entered foreign currency swap transaction. The details and fair values of the agreements as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	322,811	47,066	3,350,542	71,653	(35,725)
Foreign exchange swap	-	14,300	147,194	-	(2,722)
	<u>322,811</u>	<u>61,366</u>	<u>3,497,736</u>	<u>71,653</u>	<u>(38,447)</u>

	31 December 2020			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	253,282	55,099	2,355,543	36,129	(141,679)
	<u>253,282</u>	<u>55,099</u>	<u>2,355,543</u>	<u>36,129</u>	<u>(141,679)</u>

As of 30 September 2021 and 31 December 2020, movements of fair value of derivative financial instruments are as follows:

	1 January- 30 September 2021	1 January- 30 September 2020
Opening balance	(105,550)	(57,866)
Derivative financial (liabilities) / assets at fair value designated through income / expense	(7,904)	195,247
Derivative financial (liabilities) / assets at fair value designated through other comprehensive income / expense (*)	146,660	162,519
Total derivative financial (liabilities) / assets	<u>33,206</u>	<u>299,900</u>

(*) As of 30 September 2021, fair value differences amounting to TL 146,660 consist of the effective portion of fair value differences of forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases and unit cost investments.

(*) As of 30 September 2020, fair value differences amounting to TL 162,519 is netted off with the foreign exchange losses from borrowings amounting to TL 1,681, and the net amount, TL 164,200 is accounted to other comprehensive income before tax.

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

Risk management is carried out by the finance department. The finance department identifies and evaluates financial risks in close co-operation with the Group’s operating units.

22.1.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by adjusting the unit price / tariff of the energy sold.

The carrying amount of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed below.

	30 September 2021		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	77,841	13,726	63,829
Trade receivables	34,685	31,288	3,397
Total assets	112,526	45,014	67,226
Financial liabilities (*)	(145,000)	-	(145,000)
Other financial liabilities	(398,312)	-	(398,312)
Trade payables	(415,062)	(394,284)	(20,778)
Other payables	(21)	-	(21)
Total liabilities	(958,395)	(394,284)	(564,111)
Net foreign currency asset position of off-balance sheet derivative	720,789	132,671	588,118
Net foreign currency asset position	(125,080)	(216,599)	91,233
Cash flow hedging (**)	2,776,947	2,733,406	43,541
Net foreign currency position after cash flow hedging	2,651,867	2,516,807	134,774

(*) Foreign currency risk associated with the EUR denominated borrowing of the Group are fully hedged through foreign currency swap instrument.

(**) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, unit price investments and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost, unit price investments and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 2,776,947 is included at cash flow hedging in the foreign currency position table.

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.1 Foreign currency risk management (Continued)

	31 December 2020		
	Total	USD	EUR
	TL equivalent	TL equivalent	TL equivalent
Cash and cash equivalents	17,009	8,235	8,774
Trade receivables	4,684	3,207	1,477
Advances given	126,108	-	126,108
Total assets	147,801	11,442	136,359
Financial liabilities (*)	(127,395)	-	(127,395)
Other financial liabilities	(409,126)	-	(409,126)
Trade payables	(282,751)	(241,693)	(41,058)
Total liabilities	(819,272)	(241,693)	(577,579)
Net foreign currency asset position of off-balance sheet derivative	929,787	433,461	496,326
Net foreign currency (liability) position	258,317	203,211	55,106
Cash flow hedging (**)	1,425,756	1,425,756	-
Net foreign currency position after cash flow hedging	1,684,072	1,628,966	55,106

(*) The Group has invested on EUR government bond with the same maturity of EUR bank loan borrowed on the same date. There is no foreign currency risk related to this transaction.

(**) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 1,425,756 is included at cash flow hedging in the foreign currency position table.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR.

The following table details the Group’s sensitivity to a 10% increase and decrease in the TL against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss before taxation on income where the TL strengthens against the relevant currency.

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.1 Foreign currency risk management (Continued)

	1 January - 30 September 2021	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
USD net assets / liabilities	(34,927)	34,927
Hedged items (-)	286,608	(286,608)
USD net effect	251,681	(251,681)
Change in EUR against TL by 10%		
EUR net assets / liabilities	(49,688)	49,688
Hedged items (-)	63,166	(63,166)
EUR net effect	13,478	(13,478)

	1 January - 30 September 2020	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
USD net assets / liabilities	(20,311)	20,311
Hedged items (-)	166,395	(166,395)
USD net effect	146,084	(146,084)
Change in EUR against TL by 10%		
EUR net assets / liabilities	(42,579)	42,579
Hedged items (-)	45,809	(45,809)
EUR net effect	3,230	(3,230)

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.2 Interest rate risk management

As of 30 September 2021 and 31 December 2020, the Group has no floating interest rate risk although the Group has CPI indexed bond obligation since the revenues under the concession agreement are also indexed to CPI.

As of 30 September 2021, the Group has TLREF indexed loans and bond with floating interest rate risk. Interest rate risk arising from those loans are managed through perpetually monitoring and analyzing market interest rates and carrying out sensitivity analysis for interest rate changes in order to monitor possible cost changes within the scope of risk management activities.

Fair value of financial instruments

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

Categories of financial instruments and fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be at their fair values since they have short term maturities and have little impairment risk.

The carrying value of trade receivables and other receivables which are both discounted and provided provision for doubtful receivables are estimated to be at their fair values.

The amortized cost of financial liabilities with fixed interest rate are considered to approximate their carrying values. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates.

Discounted values of trade payables and other payables are assumed to approximate their respective carrying values.

In the consolidated financial statements, derivative instruments are the only item that is recognized at fair value. The fair value of derivative instrument is determined by using valuation technique, which can be regarded as Level 2.

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued)

22.1.2 Interest rate risk management (Continued)

Assets and liabilities subject to valuation and fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The classification of the Group’s financial assets and liabilities at fair value is as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

In the consolidated balance sheet, derivative financial instrument is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2.

The following table gives information about how the fair values of financial instruments subject to valuation are determined.

Financial assets / (Financial liabilities)	Fair value / revalued amount		Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 September 2021	31 December 2020				
Derivative financial instruments	33,206	(105,550)	Level 2	Market Value	-	-

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NOTE 23 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	30 September 2021	31 December 2020
Cash at banks	317,849	588,571
<i>Demand deposits</i>	241,541	171,715
<i>Time deposits</i>	76,308	416,856
	<u>317,849</u>	<u>588,571</u>

As at 30 September 2021, TL 197,867 of the Group’s demand deposits are blocked at different banks (31 December 2020: TL 126,729). These blocked deposits are related to the collections made through bank branches which are made available for use by banks 1 or 2 days after the collection depending on the agreements with related banks.

As at 30 September 2021 time deposits consist of short term TL 26,900 and EUR 4,800 balances (31 December 2020: TL 410,551 and EUR 700) with maturities between 1 - 7 days (31 December 2020: 4 - 7 days). The weighted average effective interest rates of TL and EUR time deposits are 18.00% and 0.20% respectively as at 30 September 2021 (31 December 2020: weighted average effective interest rate 18.65% and 0.10% respectively).

Details of “Other adjustments to reconcile profit / (loss)” that presented on cash flow statement as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Adjustments related to interest (income) / expense based on revenue cap regulation (Note 17)	(37,035)	(30,556)
Adjustments related to financial income from service concession arrangements (Note 8, 14)	(1,837,317)	(1,687,484)
Adjustments related to revaluation differences arising from deposits (Note 17)	221,710	103,203
	<u>(1,652,642)</u>	<u>(1,614,837)</u>

Details of “Other cash in-flows generated from operating activities” that presented on cash flow statement as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Net collections from financial assets related to service concession arrangements	3,295,486	1,690,796
<i>Capital expenditures reimbursements (Note 8)</i>	1,916,982	1,006,218
<i>WACC reimbursements (Note 8)</i>	1,378,504	684,578
Collections from doubtful trade receivable (Note 6)	109,214	125,398
	<u>3,404,700</u>	<u>1,816,194</u>

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NOTE 23 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

Details of “Other cash-out flows from investing activities” that presented on cash flow statement as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Capital expenditures related to service concession arrangements	(2,169,229)	(1,552,076)
	<u>(2,169,229)</u>	<u>(1,552,076)</u>

NOTE 24 - EVENTS AFTER THE REPORTING DATE

As per the Issuance Certificate approved by the Capital Markets Board with decision numbered 77/1540 on 17 December 2020; the Company issued a bond on 15 October 2021 with 728 days maturity, nominal amount of TL 800,000, variable interests based on 1.4% on TLREF reference rate, quarterly coupon payments and principal payment at the maturity.