

ENERJİSA ENERJİ ANONİM ŞİRKETİ

**ACTIVITY REPORT
FOR THE PERIOD OF
01.01.2021 – 30.09.2021**

1- GENERAL INFORMATION

a) Accounting period that the report relates to	: 01.01.2021 – 30.09.2021
b) Trade-name of the Company	: ENERJİSA ENERJİ ANONİM ŞİRKETİ
Trade registration number	: 800865
Head office contact details and website address	: Barbaros Mah. Begonya Sok. Nida Kule Ataşehir Batı Sitesi No: 1 / 1 Ataşehir-İSTANBUL Phone : 0216 579 05 79 Fax : 0216 579 05 30 e-mail : enerjisa-info@enerjisa.com website : www.enerjisa.com.tr

c) Nature of operations

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

As of September 30th, 2021, Enerjisa Enerji with 11.6 million distribution connection points and with approximately 10.3 million customers is the leading downstream electricity company.

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

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

Members of the Board of Directors:

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

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

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

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

Member of Board of Director	Duty	Date of Appointment	End of Duty
Kivanç Zaimler	Chairman	30.03.2021	30.03.2024
Eric René C. Depluet	Vice Chairman	30.03.2021	30.03.2024
Cenk Alper	Member	12.05.2021	30.03.2024
Johan Magnus Mörnstam	Member	30.03.2021	30.03.2024
Hakan Timur	Member	30.03.2021	30.03.2024
Eva-Maria Verena Volpert	Member	30.03.2021	30.03.2024
Fatma Dilek Yardım	Independent Member	30.03.2021	30.03.2024
Mehmet Sami	Independent Member	30.03.2021	30.03.2024

Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2020		30.09.2021	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.Ş.	472,427,587.56	40.0	472,427,587.56	40.0
DD Turkey Holdings S.A.R.L.	472,427,587.56	40.0	472,427,587.56	40.0
Other (Public)	236,213,792.00	20.0	236,213,792.00	20.0
TOTAL	1,181,068,967.12	100.0	1,181,068,967.12	100.0

Changes that occurred in the Company capital during the period:

There was no change.

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

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

As of September 30th, 2021 the organization of senior management is as below:

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

The Group has 11,138 employees as of 30.09.2021.

g) Rights and benefits granted to employees:

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

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

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

The Chairman and the members of the Board of Directors may not execute any transaction with the Company on their own behalf or for or on account of others, personally or indirectly, without the prior permission of the General Assembly. During the period of 01.01.2021 – 30.09.2021, the members of the Board of Directors neither executed any transaction with the Company, nor been involved in any attempts that can compete with the Company in its fields of operation.

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

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

	1 January - 30 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>

3- RESEARCH AND DEVELOPMENT ACTIVITIES

During the period of 01.01.2021 – 30.09.2021, TL 4,844,455.11 was spent on the projects supported by EU Framework Programs, TÜBİTAK and EMRA R&D funds.

4- COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS

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

Ratings:

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

JCR Avrasya Derecelendirme A.Ş., has assigned ratings of Enerjisa Enerji A.Ş as "AAA (Trk) / (Stable Outlook)" on the Long Term National Rating and as "A-1+ (Trk) / (Stable Outlook)" on the Short Term National Rating on 06.07.2021. The Long Term International Foreign and Local Currency Ratings are both "BBB+ / (Stable Outlook)".

Dividend Payment:

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

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

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

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

Customer Solutions:

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

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

Other:

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

The Competition Board decided to conduct an examination for electricity distribution and electricity retail sales companies in Istanbul Anatolian Side, Ankara and Toroslars electricity distribution regions, whether the Article 6 of the Law on the Protection of the Competition was breached, in December 28th, 2016. Following the examination, the Competition Board decided to impose an administrative fine with the

decision dated 08.08.2018 and 18-27/461-224, in the amount of TL 143,061,738.12 to İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş.. A 25% discount was applied to the relevant fine and the fine was reflected as a one-time expense in the amount of TL 107,296,303.59 under 2018 annual financial results, while the underlying net income was not affected.

A cancellation lawsuit was filed against the decision of the Competition Board by the relevant companies on April 5th, 2019. The judgment process of the first degree court is concluded. With the decisions of 13th Ankara Administrative Court dated 16.07.2020 and numbered E.2019/1970 K.2020/1319, E.2019/1956 K.2020/1317 and E.2019/1969 K.2020/1318, the lawsuits filed by Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., respectively have been rejected. The decisions were delivered on October 6th, 2020. The request of appeal has been made against the decisions of the Court of First Instance as of November 5th, 2020. Following the judicial process the 8th Chamber of the Administrative Appeal Court of Ankara District rejected the requests with its decisions dated July 8th, 2021 and numbered E.2020/1797 K. 2021/1155, E. 2020/1792 K. 2021/1157 and E. 2020/1796 K. 2021/1156 for Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., respectively. The request of appeal has been made against the decisions at the Council of State on September 7th, 2021.

However, with the decision of the 13th Ankara Administrative Court dated 16.07.2020 and numbered E.2019/660 K.2020/1315, the lawsuit filed by İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. was accepted. The decision was received on October 6th, 2020. The Competition Authority has appealed against the decision within 30 days from the notification of the decision. The appeal application of the Competition Authority was rejected, with the decision of the 8th Chamber of the Administrative Appeal Court of Ankara District, dated 17.06.2021 and numbered E.2020/1865 K.2021/1052, open to appeal. In accordance with the article 28 of the Administrative Jurisdiction Procedures Law, an application was made to the relevant tax office on October 8th, 2020 for the refund of TL 7,973,040.71 paid at 25% discount on March 7th, 2019. The amount was refunded on November 6th, 2020.

Ongoing Collective Bargaining Agreement negotiations with TES-İŞ Union (Turkey Energy, Water and Gas Workers' Union) for the workplaces of our Electricity Distribution Companies (İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Başkent Elektrik Dağıtım A.Ş. and Toroslar Elektrik Dağıtım A.Ş.), has been concluded with an agreement between parties for a period of 3 years, effective as of March 1st, 2021 on 09.07.2021.

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

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

Elektrik Üretim A.Ş. tariffs: With the Board Resolution dated 30.06.2021 and numbered 10300, EMRA determined Wholesale Tariffs of EUAŞ, which shall be effective as of July 1st, 2021 and applied to energy purchases of distribution and incumbent retail companies. According to the resolution:

- (i) The tariff to be applied to energy purchases for technical and non-technical losses of distribution companies and regulated sales of authorized supply companies shall be 23.7636 kr/kWh (it was 16.9149 kr/kWh as of April/21).
- (ii) The tariff to be applied to energy purchases of distribution companies for general lighting shall be 42.0000 kr/ kWh (It was 33.0000 kr/kWh starting as of April/21).

Electricity tariff from July 1st, 2021: With the Board Resolution dated 30.06.2021 and numbered 10301, EMRA approved tariff tables to be applied to Distribution system users are as follows;

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

Accordingly:

- General lighting unit price shall be 68.9626 kr/kWh (Previous tariff from April 1st was 58.0154 kr/kWh),
- Green Tariff Table shall be 92.6227 kr/kWh (it was 74.7372 kr/kWh as of April 2021).

Applicable starting from July 1st, 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 17.6% - 19.5% and distribution tariff has been increased by 7.2%. The final tariff reflected to the end user has been increased by 15%. Regulated tariffs has been unchanged since July 1st.

Decision to Revise Renewable Energy Resources Support Mechanism (YEK Support Mechanism) Cost: By the decision of EMRA dated 29.07.2021 and numbered 10341, published in the Official Gazette dated 31.07.2021 and numbered 31554, stipulated YEK Support Mechanism cost for per unit energy supplied for 2021 was revised as the table below for July 2021 and for the following months within the scope of Article 14 of the Regulation on the Certification and Support of Renewable Energy Resources.

Months	Stipulated YEK Support Mechanism Cost for 2021 (TL / MWh)
July	102.10
August	93.40
September	85.23
October	86.14
November	83.78
December	81.42

Procedures and Principles Regarding the Determination of Core Consumption Value within the Scope of Demand Side Substitution Service: With the decision of the EMRA dated 12.08.2021 and numbered 10358-1, published in the Official Gazette dated 04.08.2021 and numbered 31568, in order to calculate the core consumption value for the consumption facilities that have executed a ancillary service agreement with TEİAŞ and will provide service within this scope; the procedures and principles regarding the methodology to be used by TEİAŞ, the duties and responsibilities of the parties in this regard, objections to the core consumption value calculated by TEİAŞ, and the corrections to be made by TEİAŞ in this context have been published and entered into force as of the date of publication.

Procedures and Principles Regarding the Certification of Core Consumption Value within the Scope of Demand Side Substitution Service: With the decision of the EMRA dated 12.08.2021 and numbered 10358-2, published in the Official Gazette dated 04.08.2021 and numbered 31568, the procedures and principles regulating the rules regarding certification of TEİAŞ for the consumption facilities that have an ancillary service agreement with TEİAŞ have the necessary control, measurement, monitoring and verification infrastructure to provide service to TEİAŞ and can provide the necessary information flow, have entered into force as of the date of its publication.

Draft on the Principles and Procedures Regarding Billings and Guarantees of Distribution System Use: The draft on the Principles and Procedures regarding Billings and Guarantees of Distribution System Use (Draft) was promulgated for public opinion by EMRA on 06.09.2021 within the frame of the developments in the electricity market.

Followings are the summary of the Draft:

- The Draft mainly determines the methods of the guarantees required to be submitted by electricity generators and suppliers, regarding system use fees calculated in accordance with the Principles and Procedures on Tariff Implementations of Distribution License Holders and Authorized Supplier Companies and the security of the payment liabilities in relation to these fees.
- With this aim, Billing and Guarantee Management System (BGMS) is envisaged to be established by Central Clearing and Settlement Institution (named as Takasbank)
- With the aim of securing the payment liability of System Use Fees (SUF), responsibilities of (i) market operator (EPIAŞ) (ii) distribution companies (iii) holders of generation and supplier licenses (iv) credit registry bureau are determined.
- Preliminary and final notifications of System Use Bills by Distribution Companies are envisaged to be made via BGMS.
- The draft aims to re-regulate the objection, non-payment and correction procedures of bills.
- The draft aims to set general principles regarding the guarantees and a new formula for the guarantee calculation.
- It is aimed to systematize the processes related to the control and return of guarantees.
- It is aimed that distribution companies and users to make an agreement with Central Clearing and Settlement Institution and distribution companies to upload the past 12-month SUFs to BGMS within 3 months following the establishment of BGMS.

Draft on the Electricity Distribution System Monitoring Regulation: According to the announcement published on the website of EMRA on August 31, 2021, it was announced that the Draft Regulation on Monitoring of Electricity Distribution System (Draft) was prepared and it was made available for the public opinion. Some important issues of the Draft which will revoke Electricity Market Distribution Regulation are summarized below:

- Distribution companies are obliged to establish a user services center in (i) in districts with a population of more than 500,000, for project approval, temporary acceptance, meter control and similar procedures, (ii) in districts with a population between 5,000 - 50,000, for customer applications.
- Distribution companies are obliged to have at least one mobile generator per 100,000 population, provided that there is at least one in each province, according to the population data announced by TÜİK for 2020.
- Unlicensed facilities with an installed power of more than 50 kW, generators and electricity storage facilities are obliged to establish systems for data transfer to the SCADA system and to provide the communication link.

- Annual maintenance plans prepared for the next year will be submitted to EMRA by the distribution company until 31 December each year.
- Distribution companies are obliged to provide a crisis coordination vehicle in order to ensure the necessary coordination in emergencies.
- It is stated that GIS (Geographic Information System) will include all electrical equipment and distribution facility located in the distribution region.

Green Deal Action Plan: Action Plan prepared by the Republic of Turkey Ministry of Trade was approved with the Presidential Decision published in the Official Gazette and dated 16.07.2021. The objective of the Action Plan was determined as contributing to Turkey's transition to a sustainable, resource-efficient and green economy and complying with the changes and regulations adopted under the European Green Deal in a way that will preserve and carry forward the existing integration of Turkey within the scope of the EU Customs Union. In the Action Plan "limiting carbon emissions, a green and circular economy, green financing, clean, economic and safe energy supply, sustainable agriculture, sustainable smart transportation, combating against climate change, expansion of diplomacy activities and raising awareness regarding European Green Deal" were determined as main headings to reach related targets. Our Company aims to contribute to the studies in line with the determined actions.

Paris Agreement: Legislative proposal regarding Paris Agreement was ratified by the Grand National Assembly of Turkey and entered into force after being published in the Official Gazette dated 07.10.2021. Within the scope of the agreement, it is aimed to combat negative effects of climate change (limit the increase in the global average surface temperature to 2 °C and make efforts to keep it below 1.5 °C) and increase greenhouse gas emission reduction capacities originating from fossil fuels (coal/petroleum). Every five years, participating countries are expected to submit an updated national climate action plan known as Nationally Determined Contribution (NDC) including their activities on mitigation, adaptation, finance, technology transfer and capacity building. According to Turkey's NDC presented on 30.09.2015, reduction in greenhouse gases of up to 21% is anticipated under the business-as-usual mitigation scenario by 2030. In order to achieve this anticipation and carbon neutral target, our country is expected to prepare new action plans especially in the field of energy but also in industry, transportation, buildings, agriculture, waste and use of natural assets.

Decision of the Energy Market Regulatory and Supervision Agency, numbered 10301, dated 30.06.2021: The decision was published in the Official Gazette dated 1 July 2021. The decision regulates the approval of the renewed tariff tables to be applied as of 01.07.2021 to the low-consumption consumers defined within the scope of the Communiqué on the Regulation of the Last Resource Supply Tariff

Decision on the Postponement of the Collection of Electricity Consumption of Consumers Damaged by Forest Fires in Antalya, Adana, Muğla, Mersin, Osmaniye Provinces: The decision was published in the Official Gazette dated 31 August 2021. Consumers whose residences, workplaces and agricultural production areas are unusable shall apply with a "damage status document" issued by the relevant institutions to defer the bill collection of new subscriptions after the fire. Consumers whose residences, workplaces and agricultural production areas are usable shall submit their petition to the relevant electricity supply company to include the current electricity subscription bill collection in the scope of postponement until October 1st. Within this scope, the electricity bill collections of the consumers in the relevant regions were postponed to cover the months of August, September and October.

Decision on the Postponement of the Collection of Electricity Consumption of the Consumers Damaged by the Flood Disaster: The decision was published in the Official Gazette dated 17 September 2021. In Kastamonu, Sinop and Bartın provinces declared as "Disaster Areas Affecting General Life", the collection of the bills of the consumers who had electricity consumption subscriptions before the disaster announcement for the accrual periods of August, September and October was postponed for 3 months.

Consumption Volume of the last resource tariff for the year 2022, has been determined as follows on 21.10.2021:

Customer Type	Consumption Volume (kWh/year)
Residential	50 million
Agricultural Irrigation	7 million
Commercial	3 million
Industrial	3 million
Lighting	3 million

Amendments on the Regulation on Electricity Market Consumer Services Regulation: The Amending Regulation on Electricity Market Consumer Services Regulation (Regulation), published in the Official Gazette dated 20.02.2021 and numbered 31401. Changes made are summarized below:

- Consumption in places where electricity is not consumed for six months or more repeatedly throughout the year and consumption for agricultural irrigation are considered seasonal use.
- The provision stating that the eligible consumer, who uses his right to choose his supplier by making a bilateral agreement, will lose his right if the total electricity consumption of the previous calendar year remains below the eligible consumer limit set for the current calendar year, has been abolished.
- Due to the unpaid electricity debt on time, it was decided that the electricity cuts cannot be made on national and religious holidays, public holidays, on the previous days of these holidays and on Fridays and can be made on Monday, Tuesday, Wednesday, Thursday between 8 am and 3 pm.
- The data subject to the cutting process will be stored with the time stamp provided by the TÜBİTAK Public Certification Center after the cutting process.
- In cases of illegal usages with interfering into distribution system without retail sales agreement or bilateral agreement and connection of electricity which were cut out in accordance with the regulation without force majeure condition, with the exception of billing of illegal usage by using real meter indices, the illegal electricity usage bills will be sent with return receipt requested post and if contact information is available, consumers will be informed about the invoice via SMS; the cost of invoices sent by registered mail will be covered by the relevant consumer and the cost will be added to the invoice..
- The following issues were stated by EMRA regarding the implementation method of the regulation made in Electricity Market Consumer Services Regulation that the electricity of customers over the age of 65, martyrs' families and war/disabled veterans, and customers submitting a health committee report that they have more than 40% disabled to incumbent retail company cannot be cut off.
 - If electricity bill for any period is not paid in the third billing period together with its own period, the electricity of the relevant place may be cut off under the condition that

customer is informed. (For instance, if the electricity bill of January period is not paid in the March payment period)

- Customer must be informed about the debt from previous periods in each period bills in written form and also by text messages.
- If customer requests, minimum 4 instalments should be made.
- Applications to be made to sign or terminate retail sales agreement and bilateral agreement can be done in written form or from a distance, to the authorized supply companies via corporate communication channels of the company or e-Government.
- Upon the consumer's request, the required security deposit is collected in two equal installments to be reflected on the invoice for the consumers in the residential consumer group and for the other consumer groups, the first installment is paid in cash and the second installment is reflected on the invoice. Also, security deposit will not be requested from consumers who signed contract with banks with whom the incumbent retail company has an agreement for the payment of customer invoices with DBS (Direct Debit System).

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

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

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

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

- The definitions of electricity storage facility (the facility that can store electrical energy and deliver the stored energy to the system) and non-integrated electricity storage facility (electricity storage facility directly connected to the grid without any connection with any generation or consumption facility) are defined in the regulation.
- Generation facilities based on renewable energy sources are exempted from obtaining a license, provided that the facilities thereof are limited to the contractual power in the connection agreement.

- The holder of the distribution license has been granted the right to establish and operate an electricity storage facility within the framework of the conditions specified in the relevant legislation.

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

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

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

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

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

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

- Production facilities that will be partially or completely operational from 01.01.2021 to 30.06.2021 will be able to benefit from YEKDEM until 31.12.2030.

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

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

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

- "The electricity storage unit integrated into the generation facility and the meters measuring the electrical energy supplied and withdrawn from the separate electricity storage facilities" are included in the scope of AMRS.
- The 15-minute generation or consumption values of electricity storage facilities, which are balancing units, shall be shared with the market operator 2 hours after the relevant time at the latest.
- The 15-minute generation or consumption values of electricity storage facilities without a balancing unit shall be shared with the market operator within at least 2 hours following the end of the relevant day at the latest.

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

- **Interconnection Usage Agreement:** It is an agreement signed between the license holder legal entity which receives service over international interconnection lines and the System Operator.
- **Standardization of Agreements:** As for synchronous non-parallel connections, standard interconnection usage agreements which have been approved by the EMRA; as for synchronous parallel connections, standard interconnection usage agreements prepared by the system operator will be signed.
- **Connection from Distribution Voltage Level and Tariffs to be Applied:** License holders, to whom capacity allocation is made from the distribution voltage level, are obliged to pay the distribution fee calculated over the single term tariff of the commercial subscriber group for the consumers receiving energy from the private supplier at the medium voltage level, which is included in the tariff tables approved by EMRA, to the relevant system operator during the allocation period.
- **Article 21 of the Electricity Market Connection and System Usage Regulation and Letter of Guarantee:** The rightful legal entities are obliged to give the guarantee determined within the scope of the interconnection usage agreement and the guarantee determined within the scope of the Establishment Agreement in accordance with Article 21, in case the new interconnection lines are constructed by the legal entities, to the relevant system operator. It is regulated that a

letter of guarantee or cash guarantee will be given to the system operator at the rate of 25% of the estimated cost to be calculated by the system operator within the scope of the Establishment Agreement.

- **Capacity Allocation:** It is regulated that the capacity allocations cannot exceed ten years, provided that the applicant does not exceed the license period.
- **Transition Period Implementations:** The Interconnection Usage Agreement to be used in synchronous non-parallel connections shall be approved by the EMRA until June 24th, 2021, and the Procedures and Principles Regarding Capacity Allocation in the Case of Establishment of New Interconnection Lines by Legal Entities, shall be approved by the EMRA within three months as of April 24th, 2021.

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

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

Operational Earnings (EBITDA + Capex reimbursements excluding exceptional items) of Enerjisa Enerji A.Ş. increased by TL 966 million (+23%) from TL 4,188 million in 9M2020 to TL 5,154 million in 9M2021.

Including exceptional capex reimbursements related to prior tariff periods, which will be reflected to distribution tariffs between 2021 and 2022 (amount in 9M2021: TL 339 million), the growth in operational earnings was 31%.

Distribution business unit's operational earnings accounted for 86% of Enerjisa Enerji's operational earnings in 9M2021. The main changes in the operational earnings of the Distribution business unit in 9M2021 compared to 9M2020 are as follows:

- **Financial Income:** Financial income increased by TL 150 million reaching TL 1,837 million despite the declining WACC with the impact of higher inflation and increase in RAB.
- **CAPEX Reimbursements:** Capex reimbursements increased from TL 1,006 million in 9M2020 to TL 1,576 million in 9M2021 (TL 570 million increase) mainly due to higher Capex ceiling and as the regular compensation for overspend Capex of the previous regulatory periods started as of January 2021. This amount does not include the exceptional capex reimbursements related to prior periods mentioned above (TL 339 million).
- **Efficiency & Quality Earnings:** Total Efficiency & Quality earnings increased by TL 101 million in 9M2021 compared to the same period of last year.
 - **Capex Outperformance** increased with higher capex investments.
 - **Quality Earnings:** In-house sourcing incentive and incentives for publicly listed companies, which have been introduced in the 4th regulatory period, have been recognized since Q12021.

- **Opex Outperformance:** Opex outperformance in 9M2021 was TL 122 million TL, slightly lower than 9M2020 (127 million TL) mainly due to shifts in spending between quarters and to some extent the impact of increase in commodity costs.
- Theft&Loss outperformance was higher in 9M2021 compared to the same period of last year, despite the decline the lower T&L threshold levels, thanks to increase in field activities and to some extent due to the impact of higher electricity prices.
- Theft accrual earnings decreased as we now retain 50% of theft usage accruals at collection compared to 75% in the previous year.
- **Other Item:** Other item was TL 65 million (9M2020: TL 86 million), mainly due to changes in net hedging gains/losses, which is partly compensated by legal case income of 48 million TL.

The contribution of the **Retail business** unit in operational earnings was 14% in 9M2021.

- The liberalised segment gross profit decreased by TL 61 million from TL 306 million in 9M2020 to TL 245 million in 9M2021. Despite higher volumes, liberalized gross profit declined due to competitive activity early in the year and more importantly increase in sourcing costs.
- The regulated segment gross profit increased by TL 139 million to TL 693 million during the same period. Regulated gross profit increased due to higher electricity procurement costs and higher revenue ceiling mainly driven by inflation.

Total retail sales increased by 5% from 25.6 TWh in 9M2020 to 26.9 TWh in 9M2021 due to recovery in electricity consumption with reduced impact of Covid-19.

- Liberalised segment sales increased by 54% from 5.8 TWh in 9M2020 to 8.9 TWh in 9M2021.
- Meanwhile, regulated segment sales decreased by 9% from 19.8 TWh in 9M2020, to 18.0 TWh in 9M2021.
- The main driver behind the performance of these segments is the switch of corporate and SME customers from the regulated segment to the liberalised segment.

Customer Solutions gross profit more than quadrupled to 66 million TL mainly due to new solar projects.

Enerjisa Enerji A.Ş. **Underlying Net Income** increased by TL 181 million from TL 1,416 million in 9M2020 to TL 1,597 million in 9M2021. In addition to the changes in the operational earnings, the main factors driving changes in the Underlying Net Income were as follows:

- TL 30 million lower net loan interest expenses mainly due to decrease in the average loan volume.
- TL 79 million higher bond interest expense and TL 119 million higher deposit valuation expenses both due to higher CPI change (CPI change past year: +7.6% vs. this year +14.4%).
- TL 9 million increase in taxes due to higher operational earnings.

As the increase in corporate tax rate from 20% to 25% in 2021 is a temporary application, it has been treated as a one-off and booked for the increase in tax expenses an extraordinary item and was not reflected to Underlying Net Income. EMRA confirmed reflection of this corporate tax increase to tax correction component of revenue ceiling in October. As this is a non-adjusting event as per IFRS standards, this development has not been reflected in 9M2021 financial statements and will be treated as exceptional item when reflected.

The average cost of financing from loans increased from 12.5% in 9M2020 to 12.8% in 1H2021, whilst in the same period the average cost of bond financing increased from 14.7% to 22.2%. Economic Net debt (including non-financial net debt, including lease liabilities and customer deposits) changed from TL 11.3 billion in 2020 year end to TL 12.1 billion in September 2021.

Net Financial Debt / Last Twelve Month Operational Earnings declined from 1.9x in September 2020 to 1.5x in September 2021 due to increase in Operational Earnings and the decline in financial net debt.

Reflecting nine months performance and expectations for the fourth quarter, the 2021 guidance has been revised. The revised 2021 guidance is as follows:

- 18%-20% growth in **Operational Earnings** (previous guidance: 15%-20% growth). The guidance range is narrowed to the higher end reflecting the impact of higher inflation.
- Around 2.0 billion TL **Underlying Net Income** (no change in guidance). The impact of revision of operational earnings guidance to the higher end of previous guidance range is counterbalanced by short term inflation also impacting deposit valuation and CPI-linked bond expenses.
- Year-end **RAB** of at least 11.2 billion TL (no change in guidance).
- Between 1.5 billion and 1.8 billion **TL Free Cash Flow After Interest and Tax** (previous guidance: at least 1.8 billion TL). The revision reflects caution for the regulated market on the back of volatility in the electricity markets, while any impact will be reversed in 2022 with the regulatory price equalization mechanism.

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

The Company has made capital expenditures related to service concession arrangements of TL 2,077,891,000 and purchase of tangible and intangible assets TL 100,077,000 within the period of 01.01.2021 – 30.09.2021.

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

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

The risk assessment results of the Company are updated every year and the risk-based annual internal audit plan is submitted to the approval of the Audit Committee and the Board of Directors after obtaining the comments of the management. Each year, the audits within the scope of the approved audit plan are performed in accordance with international audit standards and COSO (Committee of Sponsoring

Organizations of the Treadway Commission) requirements. This confirmation is certified through the independent quality assurance assessment performed in 2018.

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

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

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

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

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

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

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

The interim condensed consolidated financial reports of the Company for the period of 01.01.2021 – 30.09.2021 prepared in accordance with IFRS was not audited by independent auditors.

h) Information on legal actions filed against the Company which might adversely affect the financial situation and operations of the Company and their possible consequences:

There are no cases filed against the Company within the period of 01.01.2021 – 30.09.2021, which may adversely affect the financial situation and operations of the Company.

Enerjisa Enerji strives to comply with legislation and laws on environmental, social and corporate governance issues. There are no cases regarding environmental, social and governance matters filed against the Company within the period of 01.01.2021 – 30.09.2021.

i) Information on the administrative or judicial sanctions imposed on the Company and the members of its management body for practices in breach of the provisions of applicable legislation:

There is no judicial or administrative sanction imposed on the Company and the members of the Board of Directors for practices contrary to applicable laws and regulations.

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

The Company has achieved its budgetary targets for the period of 01.01.2021 – 30.09.2021.

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

None.

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

The Company has made donations and aids at the amount of TL 3,203,254 within the period of 01.01.2021 – 30.09.2021.

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

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

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

Enerjisa Enerji A.Ş. sources of new financing are mainly loans in Turkish Lira.

Additionally, the Group has a total of TL 997,000,000 bonds (issued amount) in circulation as of September 30st, 2021.

o) Events that occurred after the Balance Sheet Date:

An application, regarding the Energy Performance Contract between Enerjisa Müşteri Çözümleri A.Ş. and Galatasaray Spor Kulübü Derneği on design, construction and maintenance work of rooftop solar power plant, was filed on April 2nd, 2021 to the Turkish Competition Authority in scope of the article 8 of the Act No. 4054 on the Protection of Competition, which regulates the negative clearance process where the was expected to confirm the contract is not contrary to articles 4, 6 and 7. Following detailed evaluation the Turkish Competition Board granted negative clearance to the above mentioned contract in its meeting dated October 21st, 2021 and numbered 21-51/706-350.

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.

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

None.

q) If a company operating under a group of companies; information about whether a counter action was provided appropriate for each legal action and whether the measure taken or avoided caused the company to suffer a loss; and if the company suffered a loss, whether it was compensated or not according to the situation and conditions known by them at the time when the legal action or the measure mentioned in the subparagraph (i) was performed or taken or avoided:

To the best of the Company's knowledge of current conditions, the legal actions taken by the Company with the controlling companies or any of their subsidiaries or in favour of the controlling companies or any of their subsidiaries upon the instructions of the controlling companies and all the other measures taken or avoided in favour of the controlling companies or any of their subsidiaries in the fiscal period of 01.01.2021 – 30.09.2021 were evaluated in the form of a report under the scope of all transactions performed between the Company and the controlling company and its affiliated companies during the Fiscal Period of 01 January 2021 – 30 September 2021, which were conducted in full conformity with the honest and fair accounting principles according to the conditions well known to us. The Company did not suffer any loss resulting from any transaction executed under known conditions in connection with the Fiscal Period of 01.01.2021 – 30.09.2021.

5- FINANCIAL SITUATION

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

The Company's financial results for the period of 01.01.2021 – 30.09.2021 are provided in the enclosed Balance Sheet and Income Statement.

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

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

The Company's gross profit as of September 30th, 2021 is TL 5,533,846,000 (30 September 2020: 4,666,928,000). The Company's net debt / (net debt + equity) ratio as of September 30th, 2021 has been recorded as 57% (31 December 2020: 57%).

There is no revenue risk predicted for the Company.

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

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

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

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

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

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

7- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY

7.1 Governing Body

a) Board of Directors Meetings

As of September 30th, 2021, the Company's Board of Directors convened 4 time in total to evaluate strategic matters concerning the Company. The attendance rate of Board meeting was 94%.

b) Committees

i. Enerjisa Corporate Governance Committee

Following the IPO in February 2018, the Corporate Governance Committee has been enacted at the General Assembly Meeting held on March 29th, 2018. Members of the Committee are selected from Board members and also includes Enerjisa Enerji CFO and Investor Relations, Mergers & Acquisitions and Tax Director. The Committee is chaired by an independent Board member.

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

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

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

Corporate Governance Committee Charter can be viewed from the below link.
<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter>

The meetings of the Committee are organized at least four times (once every three months around quarter closings) per year. The Corporate Governance Committee had three meetings by end of 9M in 2021. Meeting and report circulation dates and in-depth review topics have been the following:

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

ii. Audit Committee:

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

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, two Audit Committee meetings and one report circulations were held by the end of 9M in 2021. Through

these meetings, the Audit Committee was informed on topics including, but not limited to, improvement areas identified in audit/consultancy activities and relevant action plans, results of follow-up activities, information about performed ethics investigation activities and significant considerations about other activities.

Audit Committee Charter can be viewed from the below link.

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

The dates of the Audit Committee are as follows:

Meeting Date	Members Participation	In-Depth Review Topic
04.02.2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables Presenting the results of audit report
25.05.2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables
10.08.2021 (Report Circulation)	Fatma Dilek Yardım Mehmet Sami	Presenting financial tables

Audit Committee members are as follows;

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

iii. Enerjisa Enerji Early Risk Detection Committee

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

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

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

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

The ERDC meetings and report circulations to the committee are organized at least six times per year. The Early Risk Detection Committee had four meeting and two report circulations by the end of September 2021. Meeting and report circulation dates, members participation and in-depth review topics have been the following:

Meeting Date	Members Participation / Report Recipients	In-Depth Review Topic
23.02.2021	Dilek Yardım Mehmet Sami Eric Depluet	Business Continuity Management Highlights IT & Data Governance Semi-Annual Update
20.04.2021	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	Revised Group Risk Policy Long Term Risk Radar
18.06.2021	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	Updates on Periscope Project
08.07.2021 (Report Circulation)	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	BE2 Risk & Opportunities Report
08.09.2021 (Report Circulation)	Dilek Yardım Mehmet Sami Eric Depluet Hakan Timur	Enerjisa Digitalization Program Long Term Radar Updates on Periscope Project
22.09.2021	Dilek Yardım Mehmet Sami Eric Depluet	Action Plans following Risk Management Audits Long Term Radar Updates on Periscope Project Enerjisa Digitalization Program

7.2. Risk Assessment

a) Risk Management Framework of Enerjisa

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

b) Enerjisa Risk Management Procedure

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

Opportunities Report, which is presented to top management as well as to the Enerjisa Early Risk Detection Committee.

c) Key Risks and Opportunities

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

i. Regulatory Risks and Opportunities

The electricity distribution and retail businesses are regulated businesses under the supervision of EMRA and are governed by the Electricity Market Law and relevant secondary regulations. For regulated customers Enerjisa applies the National Tariff which is determined by EMRA. The National Tariff is composed of tariffs which will be applied to transmission and distribution line users. EMRA determines the items in the National Tariff for each tariff period.

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

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

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

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

ii. Market Risks and Opportunities

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

Enerjisa Enerji is also subject to commodity market risks related to OTC price and volume fluctuations due to the sourcing strategy for retail sales business and other commodity price fluctuations due to the

raw material procurements (transaction are in local currency, but highly correlated with related commodity prices) for the distribution business.

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

iii. Credit Risks and Opportunities

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

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

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

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

iv. Liquidity Risk

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

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

v. Operational Risks

All processes in value chain of Enerjisa are exposed to operational risks from internal and external factors. These risks mainly are classified under affect Information Technologies, Occupational Health and Safety (mostly in Distribution business unit), Environment, Human Resources and Reputation headings and are reviewed in detail together with its mitigation activities.

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

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

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

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

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

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

9- APPENDICES

Consolidated Financial Statements

Operational Earnings and Underlying Net Income Calculations

Best regards,

Report date: 02.11.2021

Murat Pinar
CEO

Dr. Michael Sven Moser
CFO

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.)

	Unaudited / current period 30 September 2021	Audited / prior period 31 December 2020
ASSETS		
Current Assets	8,765,780	6,852,870
Cash and Cash Equivalents	317,849	588,571
Financial Investments	-	126,108
Financial Assets	2,577,278	2,348,112
Trade Receivables	4,206,258	2,943,668
<i>Due from Related Parties</i>	20,182	17,796
<i>Due from Third Parties</i>	4,186,076	2,925,872
Other Receivables	1,072,679	588,922
<i>Due from Third Parties</i>	1,072,679	588,922
Derivative Financial Instruments	55,063	36,066
Inventory	383,249	169,539
Prepaid Expenses	78,155	44,112
Assets Related with Current Taxes	34,498	14
Other Current Assets	40,751	7,758
Non-Current Assets	17,913,755	17,822,635
Other Receivables	631,155	933,739
<i>Due from Third Parties</i>	631,155	933,739
Derivative Financial Instruments	16,590	63
Financial Assets	9,510,384	9,121,848
Right of Use Assets	258,729	140,771
Property, Plant and Equipment	921,442	902,255
Intangible Assets	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	397,298	362,026
Other Non-Current Assets	734	390
TOTAL ASSETS	26,679,535	24,675,505

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.)

	Unaudited / current period 30 September 2021	Audited / prior period 31 December 2020
LIABILITIES		
Current Liabilities	12,653,305	8,287,610
Short-Term Financial Liabilities	808,175	1,098,798
Short-Term Portion of Long Term Financial Liabilities	5,564,282	1,573,117
Other Financial Liabilities	78,428	68,743
Trade Payables	2,191,385	1,914,357
<i>Due to Related Parties</i>	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	2,746,513	2,579,077
<i>Due to Third Parties</i>	2,746,513	2,579,077
Derivative Financial Instruments	35,027	140,060
Deferred Income	7,082	6,964
Income Tax Liability	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	3,662,296	7,090,385
Other Financial Liabilities	319,884	340,383
Derivative Financial Instruments	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	945,661	1,366,979
Other Long-Term Liabilities	2,542	-
TOTAL LIABILITIES	19,046,004	17,522,199

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.)

	Unaudited / current period 30 September 2021	Audited / prior period 31 December 2020
LIABILITIES		
Equity	7,633,531	7,153,306
Registered Share Capital	1,181,069	1,181,069
Adjustments to Share Capital	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</i>		
<i>Remeasurement of Defined Benefit Plans</i>	(3,464)	(3,464)
Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	47,508	(62,487)
<i>Hedge Reserves</i>	47,508	(62,487)
Restricted Profit Reserves	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

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.)

	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	20,359,659	16,887,317	8,394,807	5,782,549
Cost of Sales (-)	(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 (-)	(2,236,003)	(1,761,196)	(837,461)	(591,282)
Other Income from Operating Activities	368,983	508,570	141,000	232,465
Other Expenses from Operating Activities (-)	(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	90,514	28,300	7,139	17,324
Finance Expense (-)	(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 (-)	(1,004,187)	(357,356)	(320,188)	(223,623)
Deferred Tax Income / (Expense)	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>	<i>146,660</i>	<i>164,200</i>	<i>(16,964)</i>	<i>60,765</i>
<i>Income Tax Relating to Other Comprehensive Income</i>	<i>(36,665)</i>	<i>(35,377)</i>	<i>4,240</i>	<i>(13,010)</i>
TOTAL COMPREHENSIVE INCOME	1,614,051	1,475,711	521,682	686,329
Earnings per share				
Earnings per share (kr)	1.27	1.14	0.45	0.54

OPERATIONAL EARNINGS AND UNDERLYING NET INCOME CALCULATION

(TLm)	1 January 30 September 2020	1 January 30 September 2021
Operating profit before finance income/(expense)	2,779	3,018
Adjustment of depreciation and amortization	301	342
Adjustments related to operational fx gains and losses	34	45
Adjustments related to valuation difference arising from deposits	103	222
Interest income related to revenue cap regulation	-31	-37
EBITDA	3,186	3,590
CAPEX Reimbursements	1,006	1,576
EBITDA+CAPEX Reimbursements	4,192	5,166
Non-recurring (income) / expense	-4	-12
Operational earnings	4,188	5,154
 Net Income	 1,347	 1,504
Non-recurring (income) / expense	3	-10
Tax rate change	0	103
Non-recurring refinancing transactions fees	66	0
Underlying Net Income	1,416	1,597