



ENERJİSA
Türkiye'nin Enerjisi
Energy of Turkey

ENERJİSA ENERJİ ANONİM ŞİRKETİ

**ACTIVITY REPORT
FOR THE PERIOD OF
01.01.2022 – 31.12.2022**



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

To the General Assembly of Enerjisa Enerji A.Ş.

1. Opinion

We have audited the annual report of Enerjisa Enerji A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the 1 January - 31 December 2022 period.

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

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the “TSA”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities in the Audit of the Board of Directors’ Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor’s report dated 23 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

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

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

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



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

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

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

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

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

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

Çağlar Sürücü, SMMM
Partner

Istanbul, 23 February 2023

Chairman's Message

Dear Stakeholders,

Earthquakes that took place on 6 February 2023 affecting 11 of the provinces seriously impacted Hatay, Gaziantep, Adana, Kilis and Osmaniye which are under our operating region Toroslar. Following the earthquake, disaster plans were immediately executed and relevant actions were taken to meet the needs of our 4,507 employees and their families, primarily from safety and accommodation perspective. After ensuring the safety of our employees, required equipment and vehicles were transferred to the region while repair works were also initiated rapidly by our support staff from other regions as well as other employees in the region. Accommodation and vital needs of our employees and their families impacted by the earthquake were met in a short period.

We express our deepest condolences for 15 of our employees and all of our citizens who have lost their lives due to earthquake. Our heartfelt thoughts and prayers are with the injured and we wish them a fast recovery.

While 2022 was foreseen as a post-pandemic normalization period, it gained a different dimension with the effects of the war between Russia and Ukraine on the global energy sector. Although Turkey did not experience a supply security problem in regards to primary energy resources, it was directly affected by the increasing prices around the world. In this period of economic difficulties after the pandemic, inflation and exchange rates continued their volatile course. Enerjisa Enerji continued to successfully manage financial and operational risks while maintaining its resilience and flexibility. Via the management of the increasing cash flow and working capital requirements and coupled with the increasing inflation effect and energy costs, Enerjisa Enerji showed a positive performance.

In this period of macroeconomic problems triggered by the pandemic and war, the sector regulator and legislator took a protective attitude towards the end user and especially the households. All stakeholders in the sector have observed that in a system where actual costs and prices are reflected under free market conditions with the appropriate support mechanisms, investments will rise with an emphasis on sustainability and efficiency, strengthening resilience, flexibility and governance.

We have left a year behind and witnessed that the energy transformation takes place rapidly - not just despite all the conditions but also in tandem with them. In this context, I believe the "Trilemma" concept has correctly evaluated the energy sector, in the axes of "Sustainability" and especially "Climate Change", "Costs and Pricing" and "Security of Supply", which cannot be maximized at the same time. While the need to adopt new policies rapidly in the transition to a low-carbon economy on a global scale is increasing, we closely follow all the actions and developments taken in this context. We have a long road ahead of us both in the world and Turkey. The energy sector bears a significant responsibility due to its major share in carbon emissions.

Since electrification, efficiency, and renewable energy integration into the grid are significant components of this energy transition, we believe that the electricity distribution sector plays a leading and crucial role. In 2022, as Enerjisa Enerji, we have successfully fulfilled this role with our investments in the grid, with the awareness of serving a population of more than 22 million in electricity distribution, retail and customer solutions, which is our core business line. In 2023, we will continue to increase our investments and service quality. We will continue to support the energy transformation of our customers through a sustainable business model with our customer solutions that we have accelerated by branding them as "Energy of My Business."

During the past year, our Enerjisa Energy Board of Directors fulfilled its duties and responsibilities within the scope of the relevant legislation and procedures. During the 5 Board of Directors meetings held in the fiscal year of 2022, financial and operational performance was reviewed, and necessary recommendations were shared with the senior management. Agenda items conveyed by the company management throughout the year were also meticulously discussed and resolved. The committees of the Board of Directors regularly met many times to review the work conducted in the areas of corporate governance, sustainability, risk, finance, and human resources. The recommendations from these committees were also shared with the Board of Directors and considered by us.

As the Board of Directors, we congratulate Enerjisa Enerji senior management, all committees, employees, and suppliers for their successful work in 2022, and thank our customers and investors for their trust in us.

Kıvanç ZAIMLER
Enerjisa Enerji Chairman

1- GENERAL INFORMATION

- a) Accounting period that the report relates to : 01.01.2022 – 31.12.2022
- 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) The organization, capital and shareholding structures of the Company and related changes in the fiscal period

Shareholding Structure of the Company:

Shareholder Name	Share / Voting Right			
	31.12.2021		31.12.2022	
	(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:

None

d) Remarks on privileged shares and voting rights of such shares, if any: Not available.

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

Members of the Board of Directors:

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

Member of Board of Directors	Duty	Date of Appointment	End of Duty
Kıvanç Zaimler	Chairman	30.03.2021	30.03.2024
Johan Magnus Moernstam	Vice Chairman	30.03.2021	30.03.2024
Nusret Orhun Köstem	Member	01.04.2022	30.03.2024
Thorsten Lott	Member	01.01.2022	30.03.2024
Hakan Timur	Member	30.03.2021	30.03.2024
Guntram Würzburg	Member	01.04.2022	30.03.2024
Fatma Dilek Yardım	Independent Member	30.03.2021	30.03.2024
Kamuran Uçar	Independent Member	01.04.2022	30.03.2024

At the 2021 Ordinary General Assembly meeting held on March 30, 2022; it was decided to approve the appointment of Cenk Alper to serve in the remaining period, in lieu of Barış Oran, and the appointment of Thorsten Lott to serve in the remaining period, in lieu of Dr. Eric René Depluet.

To be effective as of April 1, 2022, the Board of Directors resolved that:

Mr. Dr. Guntram WÜRZBERG to be appointed as the Board of Directors' member in lieu of Ms. **Dr. Eva-Maria Verena VOLPERT**, who had resigned from the Board of Directors with effect from April 1, 2022, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code,

Mr. Nusret Orhun KÖSTEM to be appointed as the Board of Directors' member in lieu of Mr. **Cenk ALPER**, who had resigned from the Board of Directors with effect from April 1, 2022, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code,

Ms. Kamuran UÇAR to be appointed as an Independent Member of the Board of Directors in lieu of Mr. **Mehmet SAMİ**, who had resigned from Independent Membership of the Board of Directors with effect as of April 1, 2022, subject to the opinion of Capital Markets Board. The appointment is subject to the approval of the first next General Assembly meeting.

As of 31 December 2022 the organization of senior management is as below:

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

The Group has 11,685 employees as of 31.12.2022.

f) Rights and benefits granted to employees:

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

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/402/humanresourcespolicy.pdf>

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

The Chairman and the members of the Board of Directors may not execute any transaction with the Company on their own behalf or for or on account of others, personally or indirectly, without the prior permission of the General Assembly. During the period of 01.01.2022 – 31.12.2022, 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 for employee services is shown below in thousands of Turkish Lira:

	1 January - 31 December 2022	1 January - 31 December 2021
Short-term employee benefits	76,551	44,544
Long-term employee benefits	1,438	1,459
	<u>77,989</u>	<u>46,003</u>

3- RESEARCH AND DEVELOPMENT ACTIVITIES

During the period of 01.01.2022 - 31.12.2022, TL 10.873.163,18 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:

Credit Rating

JCR Avrasya Derecelendirme A.Ş., has affirmed ratings of Enerjisa Enerji A.Ş as "AAA (tr) / (Stable Outlook)" on the Long Term National Rating and as "J1+ (tr) / (Stable Outlook)" on the Short Term National Rating on 30 June 2022. The Long Term International Foreign and Local Currency Ratings are both affirmed at "BBB+ / (Stable Outlook)"

On 16 December 2022, international credit rating agency Fitch Ratings has affirmed the National Long-Term Ratings of Enerjisa Enerji A.S. as 'AA+(tur)'. The Rating Outlook has been revised from Stable to Negative.

Corporate Governance Rating

On 21 December 2022, independent corporate governance rating agency SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) has increased corporate governance rating of Enerjisa Enerji from 95,09 to 95,50 (out of 100).

The legislative changes specific to the electricity sector in the year 2022 are summarized below:

Eligible Consumer Limit for the Year 2022: With the Board of Energy Market Regulatory Authority (hereinafter referred as shortly “the Board” and “EMRA”) Decision dated 16.12.2021 and numbered 10623, which was promulgated in the Official Gazette dated December 22, 2021 and numbered 31697, it has been decided to reduce the eligible consumer limit to 1100 kWh for the year 2022, as of 01.01.2022 (*The eligible consumer limit was determined as 1200 kWh in 2021*).

Eligible Consumer Limit for the Year 2023: With the Board of Energy Market Regulatory Authority (hereinafter referred as shortly “the Board” and “EMRA”) Decision dated 29.12.2022 and numbered 11496, which was promulgated in the Official Gazette dated December 30, 2022 and numbered 32059, it has been decided to reduce the eligible consumer limit to 1000 kWh for the year 2023, as of 01.01.2023 (*The eligible consumer limit was determined as 1100 kWh in 2022*).

Amendments on Consumption-Based Graded Electricity Tariff: With the Board Decision numbered 10707, dated 31.12.2021, which was promulgated on the 6th Repeated Official Gazette numbered 31706, dated 31.12.2021, it has been decided for Household Subscriber Group (low-voltage level and single time period) as of January 1, 2022 that (i) Low-level consumption-based graded tariff shall be applied for the average consumption up to 5 kWh for a day (ii) High-level consumption-based graded tariff shall be applied for the average consumption more than 5 kWh and, Low-level consumption-based graded tariff shall be applied for the consumption up to 5 kWh. With the Board Decision dated 31.01.2022 and numbered 10756 published in the Official Gazette dated 1 February 2022 and numbered 31737, the 5 kWh limit for the AG Single-Time Subscriber Group was updated as 7 kWh for the invoices to be issued as of February 1, 2022. Later on, with the Board Decision numbered 10818 and dated 28.02.2022, which was promulgated on the Official Gazette numbered 31765 and dated 01.03.2022, it has been decided to update the daily average consumption amount determined as 7 kWh that constitutes a basis to invoices to 8 kWh for the Household Subscriber Group (low-voltage level and single time period) for the invoices to be issued as 01.03.2022.

In addition, with the Board Decision dated 03.02.2022 and numbered 10759 published in the Official Gazette dated February 4, 2022 and numbered 31740 and the Board Decisions dated 31/03/2022 and numbered 10892 published in the Official Gazette dated April 3, 2022 and numbered 10892, regulations on the implementation methods of the consumption based graded tariff for unlicensed producers has been published.

With the Board Decision dated 28.02.2022 and numbered 10819 published in the Official Gazette dated March 1, 2022 and numbered 31765, as of 01.03.2022 for the commercial low voltage single-time subscriber group; (i) It has been decided to apply a low-level tariff to the consumptions up to the daily average consumption of 30 kWh as a basis for the invoice, (ii) To apply a low-level tariff to the consumptions up to the specified limit, of the consumptions above the average daily consumption of 30 kWh as the basis for the invoice, and to apply a high-level tariff to the part exceeding the limit.

Amendment on the Consumption Volume of the Last Resource Tariff for the Year 2022: Board Decision dated 21.10.2021 and numbered 10502 published in the Official Gazette dated 23.10.2021 and numbered 31637, Board Decision dated 31.03.2022 and numbered 10907 in the Official Gazette dated 02.04.2022 and numbered 31907 and The last resource supply tariff determined for the year 2022 with the Decision of the Energy Market Regulatory Board dated 28.07.2022 and numbered 11095, published in the Official Gazette, is as follows:

	As of 01.01.2022	As of 01.07.2022	As of 01.08.2022
Consumer Group	Consumption Volume (kWh/year)	Consumption Volume (kWh/year)	Consumption Volume (kWh/year)
Household	50 million	50 million	100 million
Agricultural Irrigation	7 million	7 million	100 million
Commercial	3 million	1 million	1 million
Industrial	3 million	1 million	1 million
Lighting	3 million	1 million	1 million

Amendment to the Electricity Market License Regulation: By the Amendment Regulation published in the Official Gazette dated March 10, 2022 and numbered 31774, it has become obligatory to obtain the opinion from TEIAS in case of the establishment of a storage facility. In case the legal entities holding the supply license apply for the establishment of a storage facility, the permission under the Environmental Impact Assessment Regulation shall be submitted to the Board of EMRA. In this case, capital adequacy and assurance obligation shall not be sought. The general manager and the assistant general managers, and the other managers having the authority to sign in positions equivalent to or higher than the assistant general manager in terms of their powers and duties, even if they are employed with other titles, of the distribution companies, are not able to simultaneously take charge in other companies, which provides services to the electricity market and to the companies providing services related to the electricity market, except for other electricity distribution companies with the same partnership structure. The notification address registered in the license of the distribution company cannot be a place other than the distribution region in which it operates. These obligations shall be fulfilled until 1 July 2022. Service procurement related to collection transactions has been included in the subjects that the distribution company may receive service.

Amendments to the Regulation on Electricity Market Connection and System Usage: With the Amendment Regulation published in the Official Gazette dated March 22, 2022 and numbered 31786, in Article 7 of the Regulation, which covers the rules of "Contract Power", under the third section titled "Connection to the Transmission System and System Usage", in case it is requested by the Ministry of Energy and Natural Resources on the grounds of supply security, generation facilities may supply electrical energy to the system above the contract power, for a period to be determined by the Board and within the framework of the principles specified in the relevant Board decision. In this respect, the energy supplied to the system above the contract power shall not be considered as power overload

By the Amendment Regulation published in the Official Gazette dated 8 September 2022 and numbered 31947, a new concept named "agricultural connection line" was arranged, and the connection lines established for agricultural activity were named "agricultural connection lines". The purpose of agricultural activity is not defined in the Regulation, and "Agricultural activities subscriber group" is included in the Procedures and Principles Regarding Tariff Applications of Distribution License Holders and Authorized Supply Companies. In the agricultural connection line facility, the application provision has been stipulated according to the distance of the places of use from the network and the place of use. According to this, (i) at least 2 applications are required for locations up to 2 km; (ii) at least 5 applications are required for locations up to 5 km. A limit of 500 meters has been determined for the place of use in agricultural connection applications by the Amendment Regulation. This limit is calculated starting from the part outside the boundaries of the user-owned land where the usage area is located. Sections exceeding 500 meters are subject to the rules for the construction of the distribution facility. However, the network elements subject to common use will be installed by the relevant distribution company. Agricultural connection lines become distribution facilities with the temporary admission. With the amendments made, it has been decided that the distribution company will make the main energy line and that the subscribers can benefit from these lines in order to facilitate the access of agricultural irrigation subscribers to electricity. Within this scope, it was ensured that agricultural irrigation subscribers were able to receive energy directly from the distribution company line, by eliminating the connection to someone else's line and other permit processes. In addition, if technical requirements are met, it is possible to provide low voltage connection view outside the adjacent area without depending on the distance, and it has been made possible for the subscribers to pay the connection fee for only 200 meters.

With the Amendment Regulation published in the Official Gazette dated 19 November 2022 and numbered 32018, Article 5/A of the Electricity Market Connection and System Usage Regulation, which regulates the connection opinions given for electricity storage facilities, has been repealed.

The Regulation on Charging Service has entered into force: The Additional Article 5 under the heading “Charging service” has been added to the Electricity Market Law by the Law numbered 7346 and dated 21.12.2021. By defining the electric vehicle, it has been ensured that the charging network operator is determined with a license, that this operator authorizes third parties to establish and operate the charging stations on the account of the charging network operator, and that the charging service is provided to the charging user with certain advantages with a loyalty agreement. The Additional Article 5 regulates charging service and charging network operator license ownership. It is aimed that the regulations within this scope must be entered into force within 3 months from the enforcement date of the law and the current status of the charging service providers must be complied with the Law and the Regulation within 4 months from the enforcement of the mentioned regulation. The important developments and amendments brought by the Charging Services Regulation published in the Official Gazette dated April 2, 2022 and numbered 31797. By the Regulation (i) Determination of the charging network operator by granting a license, (ii) Establishment of charging station in the charging network operator through the certificate issued by the charging network operator, (iii) Expropriation of the immovable to be needed by the charging network operator, (iv) To be able to service throughout the country of charging network operating license holder (v) The Information Security responsibility of charging network operator, (vi) Freely price determination and prohibition to determine another service or unit price other than charging fee (vii) Difference of a maximum 25% between users who have a loyalty agreement and those who do not (viii) Protection of users within the scope of under the Consumer Protection Law (ix) Conducting of a loyalty agreement in a writing or distant manner has been regulated.

With the Amendment Regulation published in the Official Gazette dated 31 December 2022 (5th repeated) and numbered 32060, Temporary Article has been added to the Regulation. Time was given to legal entities holding the existing charging network operator license until 30/6/2023 for the creation of charge network within the scope of the second paragraph of Article 15 of the Amendment Regulation on Charging Service Regulation and legal entities holding the existing charging network operator license.

Amendment to Electricity Market Consumer Services Regulation: With the Regulation that entered into force by being published in the Official Gazette dated April 8, 2022 and numbered 31803, the obligation to file a criminal complaint for illegal electricity consumption was repealed. Pursuant to the amendments made by the regulation, for all detections in cases of major illegal electricity use, for detections in cases of simple illegal electricity use, it may be filed a criminal complaint to the Public Prosecutor's Office against real or legal persons whose illegal electrical energy consumption is detected.

Electricity Distribution System Regulation: With the Regulation published in the Official Gazette dated April 15, 2022 and numbered 31810, the Electricity Market Distribution Regulation was repealed. With the Regulation, preparing an annual Maintenance Plan, reporting by GIS and Maintenance Management System, monitoring in real time, installing remote measurement and/or controlling systems, creating GIS, preparing emergency management plans, having mobile generators, establishing User Service Centers has been brought.

Amendments to the Procedures and Principles regarding Tariff Applications of Legal Entities holding Distribution License and Authorized Supply Companies: With the decision of the Energy Market Regulatory Board dated 24.02.2022 and numbered 10817 published in the Official Gazette dated March 1, 2022 and numbered 31765, the associations and foundations and their branches, excluding their economic enterprises, the sanctuaries called “Cemevi” and the facilities used for supplying and distributing drinking water in villages are included in the scope of the household subscriber group. The summary of the amendments brought to the Procedures and Principles Regarding the Tariff Applications of Distribution Authorized Supply Companies with the Board Decision dated 28.04.2022 and numbered 10961, published in the Official Gazette dated April 30, 2022 and numbered 31825 is as follows:

- ❖ The name of the commercial subscriber group was changed to the public and private services sector and the other subscriber group; the name of the agricultural irrigation subscriber group was changed to the agricultural activities subscriber group.

- ❖ It has been added that the applications to be made regarding the subscriber groups can also be made through the permanent data register.
- ❖ Article 9 regarding short-term electrical energy demands has been amended entirely, and it has been regulated that the duration of these requests can be up to 6 months at the most and that the uses will be subject to the public and private services sector and other subscriber groups.

With the Board Decision dated 27.10.2022 and numbered 11338 published in the Official Gazette dated 30.10.2022 and numbered 31998, "mukhtar service buildings" were added to the "residential" subscriber group.

Amendment to Regulation on Measurement and Measuring Instruments Inspection: A provisional article related to the periodical control of electricity meters has been added by the Regulation on the Amendment of the Measuring and Measuring Instruments Inspection Regulation ("Regulation") published in the Official Gazette dated 9 August 2022 and numbered 31918. It has been regulated that the inspection of the electricity meters, which were presented to the Ministry for the inspection in the period of 2021-2022 periodical inspection application period, but those periodic inspection could not be made, shall be mandatory until 31/12/2023. This provisional clause shall be applied only the electricity meters, which placed on the market between 1/1/2011 – 31/12/2012 or the last inspection was made between these dates and still in use. In addition, it has been regulated that the persons, who are responsible of the fulfilment of the electricity meter inspections and did not fulfil this requirement until 31/12/2023, shall be charged for the use of electricity meters, which the stamp period has ended, pursuant to the Law numbered 3516. The amendment entered into force on August 9, 2022.

Amendments to Unlicensed Electricity Generation Regulation in the Electricity Market: By the Amending Regulation, which came into force after being published in the Official Gazette dated 11 August 2022 and numbered 31920, an exception has been made to the requirement that the generation facilities and consumption facilities of real or legal persons who will establish a generation facility must be within the same distribution region. Within the scope of subparagraph 5/1/(h), a production facility may also be established outside the distribution license area where the consumption facility is located. Some regulations have been introduced regarding the exemption of irrigation unions from obtaining licenses and establishing companies. For facilities over 10 MW, it is desired to provide the possibility of connecting directly to the system (feeder). The deadlines for the acceptance procedures (commissioning) of the production facilities have been rearranged from the date of signing of the system connection agreement.

With the Regulation published in the Official Gazette dated 01.10.2022 and numbered 31970 and the Amendment Regulation published in the Official Gazette dated 12.05.2019 and numbered 30772, the following changes were made in the articles 26, 28 and 30 of the Unlicensed Electricity Generation Regulation and Provisional Article 7 has been added to the Regulation.

With the Amendment Regulation of Unlicensed Electricity Generation Regulation published in the Official Gazette dated 31 December 2022 (5th repeated) and numbered 32060, within the scope of Provisional Article 7, amendments have been made in the transition periods determined within the scope of clearing transactions for applications to be made within more than one distribution and/or assigned supply region.

Legislative Arrangements for Storage Electricity Generation Facility: Legislative arrangements have been made for electricity generation facilities with storage by the following regulations published in the Official Gazette dated 19 November 2022 and numbered 32018: Regulation Amending the Electricity Market Balancing and Settlement Regulation, Regulation Amending the Electricity Market License Regulation, Amendment to the Regulation on Storage Activities in the Electricity Market, Amendment to the Electricity Grid Regulation, Certification and Support of Renewable Energy Resources With the Amendment in the Regulation, the Scope of Automatic Meter Reading Systems and the Amendment to the Procedures and Principles Regarding the Determination of Meter Values.

Receivables to be considered as worthless receivables within the scope of Article 322 of the Tax Procedure Law: With the Law no 7420 Amending Income Tax Law and Some Laws and Decrees promulgated in the Official Journal dated 09.11.2022 numbered 320008 tax incentives regarding rooftop solar power plans was raised from 25 kWh to 50 kWh.

As per provisional Article 2 of Law no 7420 as of the date of 15/8/2022 according to Execution and Bankruptcy Law and Law no 7155 on Procedures Initiating Execution Files Regarding Pecuniary Receivables Arising from Subscription Agreements, receivables which are the subject of the execution files are deemed as “worthless receivables” within the scope of article 322 of Tax Procedure Law providing that creditors terminate execution proceedings by waiving with a petition until the end of 6 months starting from 09.11.2022, from the receivables whose debtors are natural persons are less than 2,000 TL including ferries, at the date of the initiating execution files; and as of the date of 15/8/2022 from the receivables whose amount are decreased to 2,000 TL because of collection, for each execution files.

New License Type, Aggregator License: With the Law published in the Official Gazette dated 28 December 2022 and numbered 32057, "aggregation" and "aggregation activity" were added to the Electricity Market Law No. 6446. A new license named “Aggregator” has been defined.

Board Decision dated 17.11.2022 and numbered 11410: With the said Board Decision dated published in the Official Gazette dated 22.11.2022 and numbered 32021, the board decision dated 27.03.2014 and numbered 4935-19 regarding that a legal entity holding a generation license cannot obtain a supply has been repealed.

Electricity tariffs: With the decisions of Energy Market Regulatory Authority (“EMRA”), which were entered into force by publishing in the Official Gazette, the tariffs, to be subjected to electricity bills,

- ❖ To be applied by the distribution companies to distribution system users, and to be applied by the authorized supply companies to i) non-eligible consumers (=eligible consumer limit for 2022 is 1100 kWh) ii) consumers who do not choose the supply company although they are eligible consumers iii) consumers with low consumption, defined in the Communiqué on the Regulation of the Last Source Supply Tariff
- ❖ To be applied by the authorized supply companies to the consumers choosing green tariff

have been amended respectively on 31.12.2021, 31.03.2022, 31.05.2022, 30.06.2022, 31.08.2022 and 29.09.2022. Some amendments are summarized below:

Low Voltage Single Term General Lighting Unit Price (kr/kWh)					
As of 01.01.2022 (EMRA Decision No: 10708 Date: 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10909 Date: 31.03.2022)	As of 01.06.2022 (EMRA Decision No: 10997 Date: 31.05.2022)	As of 01.07.2022 (EMRA Decision No: 11055 Date: 30.06.2022)	As of 01.09.2022 (EMRA Decision No: 11158 Date: 31.08.2022)	As of 01.10.2022 (EMRA Decision No: 11272 Date: 29.09.2022)
170,4791 kr/kWh	237,5847 kr/kWh	237,5847 kr/kWh	294,9175 kr/kWh	294,9175 kr/kWh	391,1547 kr/kWh
Green Tariff (kr/kWh)					
As of 01.01.2022 (EMRA Decision No: 10708 Date: 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10909 Date: 31.03.2022)	As of 01.06.2022 (EMRA Decision No: 10997 Date: 31.05.2022)	As of 01.07.2022 (EMRA Decision No: 11055 Date: 30.06.2022)	As of 01.09.2022 (EMRA Decision No: 11158 Date: 31.08.2022)	As of 01.10.2022 (EMRA Decision No: 11272 Date: 29.09.2022)
189,0181 kr/kWh	204,8204 kr/kWh	262,2851 kr/kWh	262,2851 kr/kWh	405,9469 kr/kWh	405,9469 kr/kWh

Elektrik Üretim A.Ş. tariffs: The summary of the active electricity energy wholesale tariff, which is determined quarterly by EMRA Board decisions and applied by EÜAŞ is as follows:

Technical and Non-Technical Lost Energy Sales to Distribution Companies (kr/kWh)				
As of 01.01.2022 (EMRA Decision No: 10706 Date 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10908 Date: 31.03.2022)	As of 01.07.2022 (EMRA Decision No: 11054 Date: 30.06.2022)	As of 09.08.2022 (EMRA Decision No: 11114 Date: 08.08.2022)	As of 01.10.2022 (EMRA Decision No: 11271 Date: 29.09.2022)
31.8592 kr/kWh	31.8592 kr/kWh	31.8592 kr/kWh	31.8592 kr/kWh	31.8592 kr/kWh
Sales Made to Incumbent Retail Companies (kr/kWh)				
As of 01.01.2022 (EMRA Decision No: 10706 Date 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10908 Date: 31.03.2022)	As of 01.07.2022 (EMRA Decision No: 11054 Date: 30.06.2022)	As of 09.08.2022 (EMRA Decision No: 11114 Date: 08.08.2022)	As of 01.10.2022 (EMRA Decision No: 11271 Date: 29.09.2022)
31.8592 kr/kWh	31.8592 kr/kWh	31.8592 kr/kWh	110,0321 kr/kWh	110,0321 kr/kWh
Sales to Distribution Companies within the Scope of General Lighting (kr/kWh)				
As of 01.01.2022 (EMRA Decision No: 10706 Date 31.12.2021)	As of 01.04.2022 (EMRA Decision No: 10908 Date: 31.03.2022)	As of 01.07.2022 (EMRA Decision No: 11054 Date: 30.06.2022)	As of 09.08.2022 (EMRA Decision No: 11114 Date: 08.08.2022)	As of 01.10.2022 (EMRA Decision No: 11271 Date: 29.09.2022)
135.0000 kr/kWh	200.0000 kr/kWh	256.0000 kr/kWh	256.0000 kr/kWh	350,0000 kr/kWh

Amendments of The Procedures and Principles Regarding the Determination of Maximum and Minimum Price Limits in the Day-Ahead Market and the Balancing Power Market in the Second Quarter: With the amendment made in the provisional article 1 of the Procedures and Principles Regarding the Determination of Maximum and Minimum Price Limits in the Day Ahead Market and Balancing Power Market in the second quarter, the minimum and maximum price limits to be applied are summarized in the table below:

Minimum and Maximum Price Limits Applicable After the Amendments to the Provisional Article 1						
As of 01.04.2022	As of 19.05.2022	As of 01.06.2022	As of 01.07.2022	As of 01.08.2022	As of 01.09.2022	As of 01.01.2023
Minimum; 0 TL/MWh, Maximum; 2.500 TL/MWh	Minimum; 0 TL/MWh, Maximum; 2.750 TL/MWh	Minimum; 0 TL/MWh, Maximum; 3.200 TL/MWh	Minimum; 0 TL/MWh, Maximum; 3.750 TL/MWh	Minimum; 0 TL/MWh, Maximum; 4.000 TL/MWh	Minimum; 0 TL/MWh, Maximum; 4.800 TL/MWh	Minimum; 0 TL/MWh, Maximum; 4.200 TL/MWh

Türkiye Elektrik İletim A.Ş. Tariffs: With the EMRA Board Decision numbered 11538 and dated 29.12.2022 published in the Official Gazette dated 30.12.2022 and numbered 32059 (2nd repetition), the transmission system usage and system operation tariffs to be applied by TEİAŞ as of 01.01.2023, for producers and consumers, are in Annex-1. It has been determined on the basis of 15 regions in Annex-2 within the framework of the Transmission System System Usage and System Operation Tariffs Calculation and Application Method statement.

Support Fee Application: With the provision added to Article 17 (titled “tariffs and supporting consumer”) of the Electricity Market Law numbered 6446 on 08.03.2022, it is aimed to protect consumers against cost increases, ensure security of supply and support electricity generators having unreasonable cost differences in electricity production compared to other generators. For that purpose, EMRA may determine a resource based support fee not exceeding six months at each time.

In the Procedures and Principles (Procedures and Principles) Regarding the Determination and Application of Resource Based Support Fee published in the Official Gazette dated 18.03.2022 and numbered 31782, general principles regarding the determination of the maximum settlement price and support fee were regulated and calculation method of support fee was explained.

With EMRA Board Decision published in the Official Gazette dated 30.03.2022 and numbered 31794, within the scope of the article named “determination of the maximum settlement price and support fee of the Procedures and Principles”, it was decided to apply a support fee for 6 months as of 01.04.2022 in order to support consumers and/or generators bearing high generation cost. The maximum settlement prices were determined as 2,500 TL/MWh for imported coal/natural gas/fuel oil/naphtha/LPG/diesel oil and as 1,200 TL/MWh for other resources.

In accordance with EMRA Decision No. 11082 published in the Official Gazette dated 29.07.2022 and numbered 31907 and the article titled guarantee of the Procedures and Principles; guarantee calculation will be made according to the difference between fixed price value in the bilateral agreements and maximum settlement price (instead of the difference between the market clearing price value and the maximum settlement price during the settlement period), for market participants who present their documents regarding their sale of electricity at a fixed price by bilateral agreement and whose bilateral agreements are accepted as a result of examinations.

EMRA Decisions published in the Official Gazette dated 30.09.2022 and numbered 31969 are as follows:

- Formula for guarantee amount to be requested from the market participants within the scope of the support fee was revised with EMRA Decision No. 11269.
- With EMRA Decision No. 11270, within the scope of the 1st and 2nd sub-articles of Article 4 regarding the determination of the maximum settlement price and support fee of the Procedures and Principles, it was decided to apply support fee for 6 months from 01.10.2022 in order to support consumers and/or high-cost generation. Maximum settlement prices to be used in determining support fee were specified as 2,050 TL/MWh for domestic coal; 2,750 TL/MWh for imported coal; 4,500 TL/MWh for natural gas/fuel/naphtha/LPG/diesel oil and 1,540 TL/MWh for other sources.
- With EMRA Decision No. 11274, formulas of the resource based maximum settlement prices within the scope of sub-article 4 of Article 4 of the Procedures and Principles were updated and will be applied as of 01.10.2022.

With the Board Decision of the Energy Market Regulatory Board dated 29.12.2022 and numbered 11498, within the framework of Article 8 of the Procedures and Principles Regarding the Determination and Implementation of the Support Fee on the Basis of Source; until the date of 31.03.2022, the market participants are obliged to present 50% of the collateral amounts they are obliged to present to the Market Operator by being calculated within the framework of the second paragraph of Article 8 of the Procedures and Principles regarding the support fee debt amounts that are foreseen to be reflected on their invoices for the invoice periods whose invoice deadline has not passed. The Decision entered into force on 01.01.2023. With the Board Decision of the Energy Market Regulatory Board dated 05.01.2023 and numbered 11540, the date of 31.03.2022 specified in the Board Decision no 11498 has been corrected as 31.03.2023.

Procedures and Principles Regarding Payments Not Made Within the Scope of Unlicensed Production (Procedures and Principles): Procedures and Principles prepared based on the 17th paragraph of article 132/Ç of the Electricity Market Balancing and Settlement Regulation were published in the Official Gazette dated 15.06.2022 and numbered 31867. In this context, if it is determined that the incumbent retail companies do not make the payments to the unlicensed generators on time and/or partially or completely within the scope of the Unlicensed Production Regulation;

- Net advance receivables within the scope of transactions carried out in the Day-Ahead Market and IntraDay Market of the incumbent retail company are blocked by the central settlement institution for a period not exceeding 1 year.
- Incumbent retail company is not allowed to enter a bilateral agreement subject to settlement of which the incumbent is seller and forward bilateral agreement notifications for selling are cancelled for a period not exceeding 1 year.

Procedures and Principles will come into force as of 01.07.2022 and the incumbent retail companies are required to complete all measures within this scope until 30.06.2022.

With EMRA Board Decision No. 11503, published in the Official Gazette dated 30.12.2022 and numbered 32059 and entered into force as of 01.01.2023, within the scope of the 11th paragraph of the DUY 132/D article; it has been decided to establish a transaction within the framework of the eleventh paragraph of Article 132/D of the Regulation for the amount of maximum 50% (fifty percent) of the advance payment notifications specified in the first paragraph of Article 132/Ç of the Regulation for of authorized supply companies.

With the Law Amending the Tax Procedure Law and Some Laws, published in the Official Gazette dated 26 November 2022 and numbered 32025, an article was added to the Electricity Market Law, and the lighting expenses of the cemevis would be covered from the appropriation to be included in the budget of the Ministry of Culture and Tourism.

With the EMRA Decision dated 08.12.2022 and numbered 11436-1 published in the Official Gazette dated 13 December 2022 and numbered 32042, the Declaration on the Fees to be Applied for Meeting the Electricity Market Operation Revenue Ceiling and the Implementation Method Statement It has been decided that the market transaction fees for 2023 will be applied within the scope of the Method Notice.

With the EMRA Decision dated 08.12.2022 and numbered 11436-2 published in the Official Gazette dated 13 December 2022 and numbered 32042, the Fees and Commissions to be Applied for Meeting the Term Electricity Market Operation Income Cap of Energy Market Operations Inc. and the Implementation Method The notification was accepted and it was decided to apply the market operating fees for 2023 within the scope of the relevant Method Notifications.

With the EMRA Decision dated 08.12.2022 and numbered 11436-3 published in the Official Gazette dated 13 December 2022 and numbered 32042, Renewable Energy Resource Guarantee system and Organized YEK-G Market Operation Revenue Ceiling of Energy Market Operations Inc. The fee to be applied and the Commissions and the Method Statement Regarding Implementation were accepted and it was decided to apply the market operating fees for the year 2023 within the scope of the relevant Method Statements.

With the EMRA Decision dated 15.12.2022 and numbered 11458 published in the Official Gazette dated 17 December 2022 and numbered 32046, the fees for obtaining associate license and license, annual license, license renewal, associate license and license amendment, associate license and issuing a copy of license have been determined.

Projected 2023 YEKDEM Costs:

With the EMRA Board Decision numbered 11538 and dated 29.12.2022, published in the Official Gazette dated 30.12.2022 and numbered 32059 (2nd repeated), the estimated YEKDEM costs per unit energy supplied for the year 2023 have been approved.

In the months when the projected YEKDEM cost is negative, it has been decided to determine the projected YEKDEM cost, which is a reference for bilateral agreements, and the predicted YEKDEM cost, which is used in calculating the last resource supply tariff for high consumption consumers, as "0 TL (MWh)".

With the Communiqué published in the Official Gazette dated 31 December 2022 and numbered 32060, the discount interest rate to be applied in rediscount transactions by the Central Bank of the Republic of Turkey was determined as 9.75 percent annually, and the interest rate to be applied in advance transactions was determined as 10.75 percent annually.

Developments in 2022 Regarding the Actions for Cancellation Against the Administrative Fines Imposed Against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. by the Competition Authority:

The Competition Board decided to conduct an examination for electricity distribution and electricity retail sales companies in Istanbul Anatolian Side, Ankara and Toroslar electricity distribution regions, whether the Article 6 of the Law on the Protection of the Competition was breached, on 28.12.2016. Following the examination, the Competition Board decided to impose administrative fine with the decision dated 08.08.2018 and numbered 18-27/461-224, in total 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 fines and the total 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 05.04.2019. The judicial process of the first degree court was 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., have been rejected respectively. The decisions were delivered on 06.10.2020. The request of appeal has been made against the decisions of the Court of First Instance as of 05.11.2020. Following the judicial process the 8th Chamber of the Administrative Appeal Court of Ankara District rejected the requests with its decisions dated 08.07.2021 and numbered E.2020/1797 K. 2021/1155, E. 2020/1792 K. 2021/1157 and E. 2020/1796 K. 2021/1156 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 was made against those decisions at the Council of State on 07.09.2021. The 13th Department of the Council of State rejected those appeal applications with its decisions dated 05.07.2022 and numbered 2022/3003, 2022/3004 ve 2022/3005 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. Following the decisions, individual applications were filed to the Constitutional Court of the Republic of Türkiye on 22.08.2022 about violation of constitutional rights about fair trial, ne bis in idem and the principle of legality.

Besides, Ankara 15th Administrative Court accepted the case of İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. with its decision dated 16.11.2017 and numbered E.2017/412, K.2017/3045 where the company filed a cancellation lawsuit against the Turkish Competition Board's decision dated 06.12.2016 and numbered 16-42/686-314 on rejecting the request of the return of the documents due to breach of Legal Professional Privilege (LPP),

which were taken during the dawn-raids on 23.11.2016 at Enerjisa premises as a part of the preliminary inquiry initiated by the board's decision dated 16.11.2016 numbered 16-39/656-M. However, the decision of the administrative court was appealed by the Turkish Competition Authority and annulled by the 8th Chamber of the Administrative Appeal Court of Ankara District with its decision dated 10.10.2018 and numbered E.2018/658, K.2018/1236. The request of appeal has been made against this decision at the Council of State on 22.01.2019. The decision regarding the rejection of appeal application, which was being examined with the file numbered 2019/865 before the 13th Department of the Council of State for Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. was notified on 26.07.2022 with the decision dated 05.07.2022 and numbered 2022/3005. An individual application was filed to the Constitutional Court of the Republic of Türkiye on 22.08.2022 about violation of constitutional rights about fair trial and respect for privacy.

On the other hand, 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 06.10.2020.

Following the aforementioned decision in favor, in accordance with the article 28 of the Administrative Jurisdiction Procedures Law, an application was made to the relevant tax office on 08.10.2020 for the refund of TL 7,973,040.71 paid at 25% discount on 07.03.2019. The amount was refunded on 06.11.2020.

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.

Upon the Competition Authority's appeal against the decision of the regional administrative court, a petition for a reply to the appeal was submitted separately. At present, the appeal examination is continuing before the Council of State.

According to the report prepared within the scope of the additional work carried out for İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. and the information and documents received from the Company, it has been decided that İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law on the Protection of Competition No. 4054 ("abuse of dominant position) and that there is no need to impose an administrative fine on our Company, with the decision of the Competition Board notified on 26.11.2021. Thereupon, an additional petition for declaration has been submitted on 30.11.2021 to the file numbered 2021/3812 of Council of State with regard to the decision of Competition Board notified on 26.11.2021 that İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law on the Protection of Competition No. 4054 (abuse of dominant position) and that there is no need to impose an administrative fine on the company.

b) 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 4,451,748,000 and purchase of tangible and intangible assets TL 584,383,000 within the period of 01.01.2022 – 31.12.2022.

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

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

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

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

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

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

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		31 December 2022	31 December 2021	
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	94	94	Electric vehicles and charging stations equipment services

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

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

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

None.

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

There are no cases filed against the Company within the period of 01.01.2022 – 31.12.2022, which may adversely affect the financial situation and operations of the Company.

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

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

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

The Company has achieved its budgetary targets for the period of 01.01.2022 – 31.12.2022.

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

None.

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

The Company has made donations and aids at the amount of TL 127,075,443 within the period of 01.01.2022 – 31.12.2022.

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

There are no legal actions that we have taken with Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L. 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.

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

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

The Group has a total of TL 4,362,000,000 bonds (issued amount) in circulation as of December 31, 2022.

Issuer	Issue Amount (million TL)	Interest / Return Rate (%)	Issue Date	Redemption Date
Enerjisa Enerji A.Ş.	400	TLREF + 1.40%	23.02.2021	21.02.2023
Enerjisa Enerji A.Ş.	162	CPI Indexed, 5.00% real coupon	05.04.2018	30.03.2023
Enerjisa Enerji A.Ş.	800	TLREF + 1.40%	15.10.2021	13.10.2023
Enerjisa Enerji A.Ş.	900	32.00%	21.10.2022	24.10.2023
Enerjisa Enerji A.Ş.	1,500	TLREF + 16.00%	21.10.2022	18.10.2024
Enerjisa Enerji A.Ş.	600	TLREF + 16.00%	21.10.2022	18.10.2024
Total	4,362			

n) Information on potential conflict of interests with consultancy and rating services obtained by the Company and preventive actions:

Our Company acts in accordance with Code of Ethics which can be found in the below link.

<https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics/>

o) Events that occurred after the Balance Sheet Date:

Enerjisa Enerji has issued a TL bond on 27.01.2023, amounting to 2,500,000,000 TL (full digit), with 397 days term, fixed interest with 32.5% rate, redemption date of 28.02.2024, and with TRSENSA22414 ISIN code.

Applicable from 1 January 2023, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 13% - 56% and distribution tariff to be applied to all customer groups has been increased by 132%. The final tariff reflected to the end user for the industrial customer group has been decreased 16% and there has been no change for the other group

Due to the adverse events caused by the earthquakes that took place in Kahramanmaraş on 6 February 2023, affecting many of the provinces and affecting the whole country, in accordance with the Official Gazette No. 32098 dated Wednesday, 8 February 2023, a state of emergency has been declared for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. 5 cities of the Toroslar region, in which Group operates, are also affected from the recent earthquakes occurred on February 6th. Enerjisa Enerji's business operations and assets are supported by the regulation and insurance mechanisms. The developments regarding the natural disaster in question are being closely monitored and assessments are ongoing. Enerjisa Enerji has prepared its financial statements in accordance with the going concern assumption. There is no material uncertainty regarding events or conditions that could seriously affect Enerjisa Enerji's ability to continue its operations. Enerjisa Enerji management has evaluated this situation as a non-adjusting subsequent event that does not require adjustment in its consolidated financial statements.

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

None.

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

To the best of the Company's knowledge of current conditions, the legal actions taken by the Company with the controlling companies or any of their subsidiaries or in favor of the controlling companies or any of their subsidiaries upon the instructions of the controlling companies and all the other measures taken or avoided in favor of the controlling companies or any of their subsidiaries in the fiscal period of 01.01.2022 - 31.12.2022 were evaluated in the form of a report under the scope of all transactions performed between the Company and the controlling company and its affiliated companies during the Fiscal Period of 01.01.2022 - 31.12.2022, 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 01.01.2022 - 31.12.2022

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

There is no cross shareholding.

s) Information on Corporate Social Responsibility activities of the company related to social rights of employees, vocational trainings and other social and environmental aspects:

This related information can be accessed from the link below.

<https://www.enerjisa.com.tr/en/sustainability>

5- FINANCIAL SITUATION

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

Operational Earnings (EBITDA + Capex reimbursements excluding exceptional items items) of Enerjisa Enerji A.Ş. increased by TL 101% annually from TL 7,494 million in 2021 to TL 15,091 million in 2022.

Distribution business unit's operational earnings accounted for 83% of Enerjisa Enerji's operational earnings in 2022. The main differences in the operational earnings of the Distribution business unit in 2022 compared to 2021 are mainly due to:

- **Financial Income:** Financial income increased by 111% annually reaching TL 6,226 million.
- **CAPEX Reimbursements:** Capex reimbursements increased by 96% from TL 2,101 million in 2021 to TL 4,119 million in 2022 mainly due to higher inflation.
- **Efficiency & Quality Earnings:** Total Efficiency & Quality earnings increased by 24% and reached TL 1,292 million in 2022. The main factor behind the increase was higher Quality Bonus related earnings and better Theft & Loss related performance.
- **Tax Correction:** Tax Correction increased from TL 283 million in 2021 to TL 482 million in 2022 mainly due to inflation impact.
- **Other Items:** Other item was realized as TL 410 million (2021: TL 171 million) and mostly driven by Mark to Market gains of FX hedges.

The contribution of the Retail business unit in operational earnings increased by 4 percentage points annually to 17% in 2022, driven mainly by the increase in gross profit of the regulated segment. The regulated segment's gross profit increased by 195% and reached TL 2,873 million in 2022 from TL 974 million in 2021 mainly due to the increasing energy prices. Meanwhile, liberalised gross profit increased by TL 813 million to TL 1,002 million due to increasing energy prices and and a low comparison base in 2021.

Regulated segment sales increased by 18% from 23.3 TWh in 2021 to 27.5 TWh in 2022. Meanwhile, liberalised segment's sales were realized as 11.7 TWh in 2022 compared to 12.5 TWh in 2021.

Enerjisa Enerji A.Ş. **Underlying Net Income** increased by 85% from TL 2,415 million in 2021 to TL 4,461 million in 2022. Below operational earnings line, the main effects were as follows:

- TL 1,762 million higher net loan interest expenses driven by both higher average financial net debt and higher financing cost.
- TL 658 million higher bond interest expense due to higher interest rates and inflation.
- TL 1,375 million higher deposit valuation expenses due to higher inflation and customer deposits.
- TL 860 million higher other financial income mainly due to interest income received for the working capital effects related to tariff receivables.

The average cost of financing from loans increased from 16% in 2021 to 29.5% in 2022 due to higher inflation and the related developments in the Turkish banking sector. Meanwhile, in the same period the average cost of bond financing increased from 21.3% to 35.9%. Economic Net debt (financial net debt in addition to lease

liabilities and customer deposits) increased from TL 11.3 billion in 2021 year-end to TL 15.1 billion in 2022 year-end.

Net Financial Debt/Operational Earnings declined from 1.2x in December 2021 to 0.7x in December 2022 due to strong increase in Operational Earnings in 2022.

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 December 31, 2022 is TL 15,828,181,000 (31 December 2021: TL 8,281,827,000). The Company's net debt / (net debt + equity) ratio as of December 31, 2022 has been recorded as 34% (December 31, 2021: 50%).

There is no revenue risk predicted for the Company.

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

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

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

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

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

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

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/406/dividendpolicy2021.pdf>

Cash dividend of TL 1,464,525,519,23 in total, which was decided to be distributed at the 2021 Ordinary General Assembly Meeting dated March 30, 2022, was distributed on April 11, 2022.

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

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

7- RISKS AND THE EVALUATION OF THE MANAGEMENT BODY

a) Board of Directors Meetings

As of December 31, 2022, the Company's Board of Directors convened 5 times in total to evaluate strategic matters concerning the Company. The attendance rate of Board meetings was 90%.

b) Committees

i. Corporate Governance Committee

Following the IPO in February 2018, the Corporate Governance Committee has been enacted at the General Assembly Meeting held on March 29, 2018. According to the Committee Charter effective as of April 1, 2022, members of the Committee are selected from Board members and Investor Relations, 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 Corporate Governance Committee had 4 meetings during 2022.

Corporate Governance Committee members are as follows:

Name Surname	Duty	Duty in the Board
Kamuran Uçar	Corporate Governance Committee Chairperson	Independent Board Member
Guntram Würzburg	Corporate Governance Committee Member	Board member
Hakan Timur	Corporate Governance Committee Member	Board member
Pınar Saatçioğlu	Corporate Governance Committee Member	Not board member

ii. Early Risk Detection Committee

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

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

ERDC Charter can be viewed from the below link.

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

The ERDC had 3 meetings during the year 2022 and 7 reports/meeting minutes were submitted to the Board of Directors.

ERDC members are as follows:

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardım	Chairperson	Independent Board Member
Kamuran Uçar	Committee Member	Independent Board Member
Nusret Orhun Köstem	Committee Member	Board Member
Thorsten Lott	Committee Member	Board Member

Audit Committee:

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, four Audit Committee meetings was held in 2022. Through these meetings, the Audit Committee was informed on topics including, but not limited to, improvement areas identified in audit/consultancy activities and relevant action plans, results of follow-up activities, information about performed ethics investigation activities and significant considerations about other activities.

Audit Committee Charter can be viewed from the below link.

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/920/accharter.pdf>

Audit Committee members are as follows;

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardım	Chairperson	Independent Board Member
Kamuran Uçar	Member	Independent Board Member

7.2. Risk Assessment

a) Risk Management Approach

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

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

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

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

b) Risk Governance Structure

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

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

c) Risk Management Procedure

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

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

d) Basic Categories of Risk and Opportunity

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

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

Financial Risks and Opportunities

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

i. Regulatory Risks and Opportunities

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

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

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

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

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

ii. Market Risks and Opportunities

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

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

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

iii. Credit Risks and Opportunities

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

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

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

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

iv. Liquidity Risk

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

In periodically performed budget simulations where Risk Management Department highlights the levels of potential deviations from “Best Estimate” of given Net Income of the year, the most vulnerable month in regards to cash need and the level of cash volume exposed via market, operational, regulatory and credit related uncertainties is also highlighted. Additionally, this stress test is modelled in monthly intervals unlike routine budget estimates (the company were using mostly yearly aggregate cash scenarios).

Enerjisa Enerji manages liquidity risk by extending the average tenor of its debt portfolio and developing alternative debt capital sources such as corporate bonds, etc. In addition, the Company regularly forecasts its short and medium-term cash needs in order to anticipate the liquidity need in a timely manner and to take action accordingly.

v. Operational Risks

All processes in Enerjisa Enerji's value chain are exposed to operational risks arising from internal and external factors. Relevant procedures and policies are established for all operational risks and published in Enerjisa Enerji's quality management systems. Committees are appointed to review realizations and manage risk mitigation activities.

Non-Financial Risks and Opportunities

The areas affected by risks which financial impact cannot be measured are grouped under the headings of Information Technologies and Occupational Health and Safety (which mostly pertains to the distribution business), Environment, Human Resources and Reputation and are examined in detail with mitigation plans.

i. Occupational Health and Safety Risks and Opportunities

Enerjisa Enerji works to a goal of zero critical injuries and accidents. Related risks are managed within the scope of the ISO 45001:2018 standard. The OHS issue is under the oversight of the senior management. Risks faced by the Company and contractors are proactively managed. Within the framework of the Safety Improvement Plan, targets are defined, risks are managed and preventive measures are planned. The Fine-Kinney method is used to classify risks. Enerjisa Enerji organizes training programs in order to reduce its risks and provide a healthy workplace for its employees and contractors.

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

Enerjisa Enerji prepared its Biodiversity Conservation Action Plan in 2020. Within the scope of the CDP Climate Change and Water Security, the issues of climate change and water security are evaluated from the perspective of risks and opportunities. In the CDP study carried out in 2022, under heading of Risk and Opportunities, the definitions of risks and opportunities, the financial effects of risks and opportunities, methods of combating risk and the costs of these methods were detailed and shared publicly.

In addition, the study to quantify climate change risks was jointly completed by the OHS, Environment and Group Risk Management units. The study uses climate change related acute inventory losses and damages, disruptions to service and penalties for quality standard violations stipulated by the legislation as inputs. Enerjisa Enerji regularly monitors and reports its environmental performance, water consumption and carbon emissions. The Company takes part in various initiatives on climate change and energy efficiency, meets with the NGOs and regulatory authorities and develops R&D projects. Enerjisa Enerji offers solutions to customers to help them reduce their carbon emissions. Also, in line with company's decarbonization targets, Phase I of Net Zero Project was completed in 2022.

iii. Risks and Opportunities Related to Digitalization and Customer Privacy

Enerjisa Enerji takes all necessary precautions in order to ensure confidentiality and security of customer information and personal data at the highest level within the framework of the legislation in force. Within that scope, the measures and actions determined in accordance with corporate policies are implemented within the Company.

A holder of the ISO 27001 Information Security Management System certificate, Enerjisa Enerji fully complies with the PDPL and provides trainings to its employees on PDPL and information security, under the supervision of the Personal Data Protection Committee. The Company provides training on the PDPL and information security to its employees. There is a Cyber Incident Response Team under the Cyber Security Group Management to manage cyber-attack risks. In addition, the Company also has cyber risk insurance.

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

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

<https://www.kap.org.tr/en/sirket-bilgileri/genel/3494-enerjisa-enerji-a-s>

9- CORPORATE GOVERNANCE AND SUSTAINABILITY REPORTS

The Corporate Governance Principles Compliance Report and Corporate Governance Information Form for the accounting period of 2022, prepared in accordance with the Capital Markets Board's Decision dated 10.01.2019 and numbered 2/49 and approved by the Enerjisa Enerji Board of Directors Decision on 23 February 2023, were published on the Public Disclosure Platform on 23 February 2023. These reports can be found under KAP web site under Companies/BIST Companies/Enerjisa/Corporate Governance and Corporate Governance Principles Compliance Report sections.

The Sustainability Compliance Report, which shows the compliance with the principles in the CMB Sustainability Principles Compliance Framework, was also announced on the Public Disclosure Platform on 23 February 2023.

10- APPENDICES

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

Best regards,

Report date: 23.02.2023

Murat Pınar,
CEO

Dr. Michael Sven Moser,
CFO

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Audited / current period 31 December 2022	Audited / prior period 31 December 2021
ASSETS		
Current Assets	21,990,411	12,795,629
Cash and Cash Equivalents	8,370,987	411,992
Financial Assets	3,342,405	3,316,298
Trade Receivables	5,687,530	5,572,805
<i>Due from Related Parties</i>	37,211	34,942
<i>Due from Third Parties</i>	5,650,319	5,537,863
Other Receivables	1,862,308	1,193,566
<i>Due from Third Parties</i>	1,862,308	1,193,566
Derivative Financial Instruments	234,604	1,548,306
Inventory	1,562,338	447,450
Prepaid Expenses	419,238	65,010
Assets Related with Current Taxes	442,940	187,648
Other Current Assets	68,061	52,554
Non-Current Assets	37,198,186	18,538,012
Trade Receivables	109,078	-
<i>Due from related parties</i>	23,753	-
<i>Due from third parties</i>	85,325	-
Other Receivables	4,776,922	685,077
<i>Due from Third Parties</i>	4,776,922	685,077
Derivative Financial Instruments	11,646	62,210
Financial Assets	11,790,168	9,537,341
Right of Use Assets	387,317	256,196
Property, Plant and Equipment	1,634,005	1,444,088
Intangible Assets	6,097,098	6,225,435
<i>Goodwill</i>	1,977,127	1,977,127
<i>Other Intangible Assets</i>	4,119,971	4,248,308
Prepaid Expenses	15,327	3,828
Deferred Tax Assets	12,371,412	318,901
Other Non-Current Assets	5,213	4,936
TOTAL ASSETS	59,188,597	31,333,641

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Audited / current period 31 December 2022	Audited / prior period 31 December 2021
LIABILITIES		
Current Liabilities	31,253,840	14,256,376
Short-Term Financial Liabilities	8,181,288	1,040,267
Short-Term Portion of Long Term Financial Liabilities	6,990,064	5,294,870
Other Financial Liabilities	82,688	118,387
Trade Payables	6,772,301	3,981,140
<i>Due to Related Parties</i>	310,732	87,373
<i>Due to Third Parties</i>	6,461,569	3,893,767
Payables for Employee Benefits	237,342	81,812
Other Payables	5,369,044	2,888,202
<i>Due to Related Parties</i>	2,425	-
<i>Due to Third Parties</i>	5,366,619	2,888,202
Derivative Financial Instruments	102,960	43,717
Deferred Income	32,538	450
Income Tax Liability	1,901,790	93,155
Short-Term Provisions	506,330	369,721
<i>Provisions for Employment Benefits</i>	135,386	76,968
<i>Other Short-Term Provisions</i>	370,944	292,753
Other Short-Term Liabilities	1,077,495	344,655
Non-Current Liabilities	6,362,511	7,726,243
Long-Term Financial Liabilities	3,923,661	4,381,083
Other Financial Liabilities	509,087	457,604
Derivative Financial Instruments	-	2,419
Deferred Income	-	1,062,094
Long-Term Provisions	1,153,248	315,419
<i>Provisions for Employment Benefits</i>	1,153,248	315,419
Deferred Tax Liabilities	774,789	1,504,908
Other Long-Term Liabilities	1,726	2,716
TOTAL LIABILITIES	37,616,351	21,982,619

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

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

	Audited / current period 31 December 2022	Audited / prior period 31 December 2021
LIABILITIES		
Equity	21,572,246	9,351,022
Registered Share Capital	1,181,069	1,181,069
Share Premium	1,775,976	1,954,164
Total Share Capital	2,957,045	3,135,233
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	174,344	986,687
<i>Hedge Reserves</i>	174,344	986,687
Restricted Profit Reserves	696,708	394,232
Retained Earnings	3,245,180	2,551,626
Profit for the Period	14,498,093	2,282,368
TOTAL LIABILITIES AND EQUITY	59,188,597	31,333,641

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD YEAR ENDED 31 DECEMBER 2022

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

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

	Audited / current period 1 January - 31 December 2022	Audited / prior period 1 January - 31 December 2021
Revenue	84,449,031	32,994,330
Cost of Sales (-)	(68,620,850)	(24,712,503)
GROSS PROFIT	15,828,181	8,281,827
General Administrative Expenses (-)	(7,734,051)	(3,382,729)
Other Income from Operating Activities	4,483,924	831,971
Other Expenses from Operating Activities (-)	(4,230,047)	(1,216,478)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)	8,348,007	4,514,591
Finance Income	310,657	108,090
Finance Expense (-)	(4,212,040)	(1,479,567)
PROFIT BEFORE TAX	4,446,624	3,143,114
Tax Expense	10,051,469	(860,746)
Current Tax Expense (-)	(2,483,504)	(989,969)
Deferred Tax Income / (Expense)	12,534,973	129,223
PROFIT FOR THE PERIOD	14,498,093	2,282,368
OTHER COMPREHENSIVE INCOME AND EXPENSE		
Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods	(812,343)	1,049,174
<i>Gains / (Losses) on Hedges</i>	<i>(1,060,000)</i>	<i>1,359,451</i>
<i>Income Tax Relating to Other Comprehensive Income</i>	<i>247,657</i>	<i>(310,277)</i>
TOTAL COMPREHENSIVE INCOME	13,685,750	3,331,542
Earnings per share		
Earnings per share (kr)	12.28	1.93

OPERATIONAL EARNINGS AND UNDERLYING NET INCOME CALCULATION

(TL million)	1 January- 31 December 2022	1 January- 31 December 2021
Operating profit before financial income/(expense)	8,348	4,514
Adjustment of depreciation and amortization	569	473
Adjustments related to operational fx losses	274	262
Adjustments related to deposit valuation expense	1,681	306
Adjustments related to interest income related to tariff receivables	(1,009)	(56)
EBITDA	9,863	5,499
Capex reimbursements	4,119	2,101
EBITDA + Capex reimbursements	13,982	7,600
Non-recurring (income) / expense related to prior fiscal years	51	(12)
Non-recurring (income) / expense	1,058	(94)
Operational Earnings	15,091	7,494
 Reported Net Income	 14,498	 2,282
Non-recurring (income) / expense related to prior fiscal years	41	(10)
Non-recurring (income) / expense	846	(75)
Tax rate change	263	218
Impact of asset revaluation	(11,187)	-
Underlying Net Income	4,461	2,415

Operational Earnings refers to EBITDA plus CAPEX reimbursements excluding exceptional items. Enerjisa Enerji distribution companies are subject to the application of TFRIC12 (a TFRS standard that governs accounting for service concession arrangements). Accordingly, the Company accounts its license to operate and invest in the networks as a financial asset. This asset is not depreciated. Accordingly, P&L does not include depreciation expenses of networks. Similarly, P&L also excludes the reimbursement of CAPEX (i.e. the depreciation allowance) as a revenue item. This means that the Company's EBITDA figure is not comparable to international peers that do not apply IFRIC12 accounting and the management uses Operational Earnings as a KPI for comparability.

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

DECLARATIONS OF INDEPENDENCE

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an “independent member” on the Board of Directors of **Enerjisa Enerji A.Ş.** (“Company”) under related regulations, Articles of Association of the Company and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board (“CMB”)’s Communiqué on Corporate Governance.

In this regard, I declare and confirm that:

- a) In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5% stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,
- c) I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
- d) I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
- e) I am residing in Turkey in accordance with the Income Tax Law No. 193 dated 31/12/1960,
- f) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- h) I have not served as a member of the Board of the Company for more than six years within last ten years,
- i) I am not registered in the name of any legal entity elected as a Board member,
- j) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa İstanbul in total.

I hereby acknowledge to the General Assembly, the Board of the Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.



Fatma Dilek Yardım

26 Ocak 2021

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "independent member" on the Board of Directors of **ENERJİSA ENERJİ A.Ş.** ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board ("CMB")'s Communiqué on Corporate Governance. In this regard, I declare and confirm that:

- a) In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5% stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,
- c) I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
- d) I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
- e) I am residing in Turkey in accordance with the Income Tax Law No. 193 dated 31/12/1960,
- f) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- h) I have not served as a member of the Board of the Company for more than six years within last ten years,
- i) I am not registered in the name of any legal entity elected as a Board member,
- j) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa İstanbul in total.

I hereby acknowledge to the General Assembly, the Board of Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.

Kamuran UÇAR

01 /04/ 2022

