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

CONVENIENCE TRANSLATION OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022 AND
THE INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH**

# INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Enerjisa Enerji A.Ş.

## A. Audit of the consolidated financial statements

### 1. Our opinion

We have audited the accompanying consolidated financial statements of Enerjisa Enerji A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

### 2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" 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. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Key Audit Matters** | **How the key audit matter was addressed in the audit** |
|---|---|
| **Accounting of Financial Assets** | |
| In accordance with the terms of the service concession agreement with the government, the Group's subsidiaries in the *Distribution* segment have applied financial asset model based on IFRIC 12 "Service Concession Arrangements" ("IFRIC 12") and recognised a "financial asset" in the consolidated financial statements.<br><br>Revenue calculated over the financial assets according to the effective interest method is accounted for as "financial income from service concession agreement" by the Group. As of 31 December 2022, the Group has financial assets amounting to 15,132,573 thousand TL and recognized financial income amounting to 6,225,734 thousand TL in the statement of profit or loss between 1 January and 31 December 2022. Given the complexity of the accounting implications within the scope of IFRIC 12, of the regulation and the use assumptions (primarily inflation rate and weighted average rate of return assumptions), we determined these matters significant to our audit and therefore considered as a key audit matter.<br><br>The details of financial assets within the scope of IFRIC 12 are disclosed in Note 10 to the consolidated financial statements. | The audit procedures performed for the accounting of Financial Assets are summarized below:<br><br>• The Service Concession Agreement was obtained and its provisions were evaluated during meetings held with the relevant management units.<br>• Compatibility of the related calculation model with the Energy Market Regulatory Authority ("EMRA") regulations has been evaluated.<br>• Since the earned income is calculated based on the internal rate of return, the mathematical accuracy of the internal rate of return calculation has been tested.<br>• The weighted average rate of return has been checked from the communiques published in the Official Gazette.<br>• The short-term and long-term classification of the financial assets determined in the service concession agreement model and its consistency with the year-end financial statements has been tested.<br>• The investments made in the current period have been tested.<br>• The reasonableness and the appropriateness of the key assessments and estimations used by the management was assessed by comparing with independent external sources within the scope of TFRS 9 "Financial Instruments".<br>• The compliance of the applied accounting policies with TFRS 9, past performance of the Group and local and global practices were assessed.<br>• The compliance of the related disclosures on accounting of financial assets with the TFRS was evaluated. |

| Key Audit Matters | How the key audit matter was addressed in the audit |
|---|---|
| **Recoverability of deferred tax assets** | |
| As disclosed in Note 24, the Group recognized deferred tax assets amounting to 11,596,623 thousand TL. Recoverable amount of recognized deferred tax asset was estimated based on the Group management's current assumptions and future business plans. As also disclosed in Note 2.10, the amount to be recognised depends on the estimates in the prospective income projections of the Group management and the deferred tax assets, which are recognized in the consolidated financial statements as of 31 December 2022, are significant. Accordingly, this matter has been considered as a key audit matter. | The audit procedures we have applied for the recoverability of deferred tax assets are summarized below:<br><br>• Prospective income projections have been obtained from the Group management and the significant estimates used in the prospective income projections were evaluated in meetings with senior management. Additionally, the reasonableness of these estimations was evaluated by comparing them with external sources.<br>• The distribution revenue projections included in the prospective income projections prepared by the Group for the *Distribution* segment for the 2023-2025 period have been compared with the income requirement table announced by EMRA for the fourth (2021-2025) tariff period.<br>• The deductible tax losses and the years in which the deduction can be made are compared with the previous corporate tax returns approved by the tax experts of the Group and current year corporate tax calculations have been examined by our specialists. The calculation of the related deferred tax assets has been presented to our tax specialists for their review and evaluation.<br>• The compliance of related disclosures on the "recoverability of deferred tax assets" with the TFRS were tested. |

<table>
<tr><th>Key Audit Matters</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>Goodwill Impairment Test</td><td></td></tr>
<tr><td>As at 31 December 2022, there is goodwill amounting to 1,977,127 thousand TL in the consolidated statement of financial position as a result of previous acquisitions. In accordance with TAS 36 “Impairment of Assets”, the Group is required to perform an impairment test annually for the goodwill that arose as part of the business combinations.<br><br>The accounting policies and estimates of the Group related to the goodwill impairment tests were disclosed in Note 2.9 and Note 2.10 in the consolidated financial statements.<br><br>We focused on this matter in our audit due to the following reasons:<ul><li>Recognized goodwill is material to the Group’s consolidated financial statements as of 31 December 2022,</li><li>The use of significant management estimates and assumptions in the goodwill impairment test as disclosed in Note 2.10 and the fact that these estimates and assumptions may be affected by future sectoral and economic changes,</li><li>The necessity of using our valuation experts to check the mathematical accuracy of the goodwill impairment calculations</li></ul></td><td>The audit procedures we have performed for goodwill impairment test are summarized below:<ul><li>We tested the calculations in the goodwill impairment test for mathematical accuracy.</li><li>We evaluated the estimations used in goodwill impairment test together with our valuation experts considering the independent data sources and current market conditions.</li><li>We evaluated the realization of prospective cash flow and investment expenditures projections used in the goodwill impairment test in meetings held with senior management.</li><li>We checked the compatibility of the financial statements of the base year on goodwill impairment tests with the audited financial statements.</li><li>The consistency of projections made in previous years has been compared with this year's consolidated financial statements.</li><li>The sensitivity disclosures made in relation to goodwill impairment test have been tested for mathematical accuracy and proper disclosure.</li><li>The compliance of related disclosures on the goodwill impairment testing to TFRS were evaluated.</li></ul></td></tr>
</table>

| Key Audit Matters | How the key audit matter was addressed in the audit |
|---|---|
| **Revenue recognition of retail companies** | |
| As disclosed in Note 4, the Group's subsidiaries in the *Retail* segment recognized revenue amounting to 59,342,509 thousand TL. These entities are obliged to supply electricity on retail sales tariff regulated by the EMRA to the ineligible customers (regulated customers) in their respective distribution regions, eligible customers who have not used their eligibility right to become an eligible customer and eligible customers who are in the last source consumer group and have not chosen their supplier through bilateral agreements.<br><br>Along with that, retail companies supply electricity to eligible customers through bilateral agreement based on free market conditions.<br><br>Given the complexity of such transactions, the necessity to account significant amounts of several accruals at the end of periods and their significant effects on the financial statements, we determined this matter significant to our audit and therefore considered as key audit matter. | The audit procedures we have applied for revenue recognition of retail companies are summarized below:<br><br>Automated reconciliations on processes, including tariff definition, pricing, invoicing and collection sub-processes for systems invoicing important revenue streams, were understood and the completeness, accuracy of these transactions, as well as the key controls determined were tested.<br><br>Tests were made with sampling method regarding the accuracy of customer invoices and these invoices were matched with the collections made from the customer. The accuracy of the tariffs on the invoices has been tested.<br><br>In order to evaluate the compliance of the calculations with the EMRA legislations and TFRS, accruals related to revenue recognition were tested.<br><br>The adequacy of the disclosures in the consolidated financial statements with TFRS has been checked. |

## 4. Other matters

The Group's consolidated financial statements for the year ended 31 December 2021 were audited by another independent audit firm, whose report, dated 18 February 2022, expressed an unmodified opinion on those statements.

## 5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## 6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 23 February 2023.

**Additional explanation for convenience translation into English**

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Çağlar Sürücü, SMMM
Partner

Istanbul, 23 February 2023

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

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## 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.)

| ASSETS | Notes | Audited / current period 31 December 2022 | Audited / prior period 31 December 2021 |
|---|---|---|---|
| **Current Assets** | | **21,990,411** | **12,795,629** |
| Cash and Cash Equivalents | 28 | 8,370,987 | 411,992 |
| Financial Assets | 10 | 3,342,405 | 3,316,298 |
| Trade Receivables | 6 | 5,687,530 | 5,572,805 |
| *Due from Related Parties* | *5* | *37,211* | *34,942* |
| *Due from Third Parties* | | *5,650,319* | *5,537,863* |
| Other Receivables | 7 | 1,862,308 | 1,193,566 |
| *Due from Third Parties* | | *1,862,308* | *1,193,566* |
| Derivative Financial Instruments | 26 | 234,604 | 1,548,306 |
| Inventory | 8 | 1,562,338 | 447,450 |
| Prepaid Expenses | 9 | 419,238 | 65,010 |
| Assets Related with Current Taxes | 24 | 442,940 | 187,648 |
| Other Current Assets | 17 | 68,061 | 52,554 |
| | | | |
| **Non-Current Assets** | | **37,198,186** | **18,538,012** |
| Trade Receivables | 6 | 109,078 | - |
| *Due from Related Parties* | *5* | *23,753* | - |
| *Due from Third Parties* | | *85,325* | - |
| Other Receivables | 7 | 4,776,922 | 685,077 |
| *Due from Third Parties* | | *4,776,922* | *685,077* |
| Derivative Financial Instruments | 26 | 11,646 | 62,210 |
| Financial Assets | 10 | 11,790,168 | 9,537,341 |
| Right of Use Assets | 11 | 387,317 | 256,196 |
| Property, Plant and Equipment | 12 | 1,634,005 | 1,444,088 |
| Intangible Assets | 13 | 6,097,098 | 6,225,435 |
| *Goodwill* | | *1,977,127* | *1,977,127* |
| *Other Intangible Assets* | | *4,119,971* | *4,248,308* |
| Prepaid Expenses | 9 | 15,327 | 3,828 |
| Deferred Tax Assets | 24 | 12,371,412 | 318,901 |
| Other Non-Current Assets | 17 | 5,213 | 4,936 |
| **TOTAL ASSETS** | | **59,188,597** | **31,333,641** |

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

## 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.)

| LIABILITIES | Notes | Audited / current period 31 December 2022 | Audited / prior period 31 December 2021 |
|---|---|---|---|
| **Current Liabilities** | | **31,253,840** | **14,256,376** |
| Short-Term Financial Liabilities | 25 | 8,181,288 | 1,040,267 |
| Short-Term Portion of Long Term Financial Liabilities | 25 | 6,990,064 | 5,294,870 |
| Other Financial Liabilities | 25 | 82,688 | 118,387 |
| Trade Payables | 6 | 6,772,301 | 3,981,140 |
| *Due to Related Parties* | *5* | *310,732* | *87,373* |
| *Due to Third Parties* | | *6,461,569* | *3,893,767* |
| Payables for Employee Benefits | 16 | 237,342 | 81,812 |
| Other Payables | 7 | 5,369,044 | 2,888,202 |
| *Due to Related Parties* | *5* | *2,425* | - |
| *Due to Third Parties* | | *5,366,619* | *2,888,202* |
| Derivative Financial Instruments | 26 | 102,960 | 43,717 |
| Deferred Income | 9 | 32,538 | 450 |
| Income Tax Liability | 24 | 1,901,790 | 93,155 |
| Short-Term Provisions | | 506,330 | 369,721 |
| *Provisions for Employment Benefits* | 16 | *135,386* | *76,968* |
| *Other Short-Term Provisions* | 14 | *370,944* | *292,753* |
| Other Short-Term Liabilities | 17 | 1,077,495 | 344,655 |
| **Non-Current Liabilities** | | **6,362,511** | **7,726,243** |
| Long-Term Financial Liabilities | 25 | 3,923,661 | 4,381,083 |
| Other Financial Liabilities | 25 | 509,087 | 457,604 |
| Derivative Financial Instruments | 26 | - | 2,419 |
| Deferred Income | 9 | - | 1,062,094 |
| Long-Term Provisions | | 1,153,248 | 315,419 |
| *Provisions for Employment Benefits* | 16 | *1,153,248* | *315,419* |
| Deferred Tax Liabilities | 24 | 774,789 | 1,504,908 |
| Other Long-Term Liabilities | 17 | 1,726 | 2,716 |
| **TOTAL LIABILITIES** | | **37,616,351** | **21,982,619** |

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

## 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.)

| **LIABILITIES** | **Notes** | **Audited / current period 31 December 2022** | **Audited / prior period 31 December 2021** |
|---|---|---|---|
| **Equity** | | **21,572,246** | **9,351,022** |
| Registered Share Capital | 18 | 1,181,069 | 1,181,069 |
| Share Premium | 18 | 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) |
| *Accumulated (Loss) on Remeasurement of Defined Benefit Plans* | | *(3,464)* | *(3,464)* |
| Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods | | 174,344 | 986,687 |
| *Hedge Reserves* | | *174,344* | *986,687* |
| Restricted Profit Reserves | 18 | 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** |

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 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.)

| | Notes | Audited / current period 1 January - 31 December 2022 | Audited / prior period(*) 1 January - 31 December 2021 |
|---|---|---|---|
| Revenue | 19 | 84,449,031 | 32,994,330 |
| Cost of Sales (-) | 20 | (68,620,850) | (24,712,503) |
| **GROSS PROFIT** | | **15,828,181** | **8,281,827** |
| General Administrative Expenses (-) | 21 | (7,734,051) | (3,382,729) |
| Other Income from Operating Activities | 22 | 4,483,924 | 831,971 |
| Other Expenses from Operating Activities (-) | 22 | (4,230,047) | (1,216,478) |
| **OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)** | | **8,348,007** | **4,514,591** |
| Finance Income | 23 | 310,657 | 108,090 |
| Finance Expense (-) | 23 | (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 (-) | 24 | (2,483,504) | (989,969) |
| Deferred Tax Income / (Expense) | 24 | 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** |
| *Gains / (Losses) on Hedges* | | *(1,060,000)* | *1,359,451* |
| *Income Tax Relating to Other Comprehensive Income* | *24* | *247,657* | *(310,277)* |
| **TOTAL COMPREHENSIVE INCOME** | | **13,685,750** | **3,331,542** |
| **Earnings per share** | | | |
| Earnings per share (kr) | 18 | 12.28 | 1.93 |

(*) Details for reclassifications of prior year consolidated financial statements are disclosed in Note 2.3.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE 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.)

| | | | | | Accumulated Other Comprehensive (Expenses) not to be Reclassified to Profit or Loss in Subsequent Periods | Accumulated Other Comprehensive Income / (Expense) to be Reclassified to Profit or Loss in Subsequent Periods | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Share Premium (*) | Restricted Profit Reserves | Other Funds | Accumulated (Loss) on Remeasurement of Defined Benefit Plans | Hedge Reserves | Retained Earnings | Profit for the Period | Total Equity |
| **Balance as at 1 January 2021** | **1,181,069** | **2,416,412** | **320,115** | **4,340** | **(3,464)** | **(62,487)** | **2,209,638** | **1,087,683** | **7,153,306** |
| Transfers (**) | - | (462,248) | 74,117 | - | - | - | 1,475,814 | (1,087,683) | - |
| Dividend | - | - | - | - | - | - | (1,133,826) | - | (1,133,826) |
| Total comprehensive income | - | - | - | - | - | 1,049,174 | - | 2,282,368 | 3,331,542 |
| **Balance as at 31 December 2021** | **1,181,069** | **1,954,164** | **394,232** | **4,340** | **(3,464)** | **986,687** | **2,551,626** | **2,282,368** | **9,351,022** |
| **Balance as at 1 January 2022** | **1,181,069** | **1,954,164** | **394,232** | **4,340** | **(3,464)** | **986,687** | **2,551,626** | **2,282,368** | **9,351,022** |
| Transfers (**) | - | (178,188) | 302,476 | - | - | - | 2,158,080 | (2,282,368) | - |
| Dividend (***) | - | - | - | - | - | - | (1,464,526) | - | (1,464,526) |
| Total comprehensive income | - | - | - | - | - | (812,343) | - | 14,498,093 | 13,685,750 |
| **Balance as at 31 December 2022** | **1,181,069** | **1,775,976** | **696,708** | **4,340** | **(3,464)** | **174,344** | **3,245,180** | **14,498,093** | **21,572,246** |

(*) The account name presented as "Adjustment to Share Capital" in previous periods has been changed to "Share Premium" (Note 2.3).

(**) Share premiums amounting to TL 178,188 has been transferred to retained earnings and subject to dividend distribution (31 December 2021: TL 462,248).

(***) During the Ordinary General Assembly held on 30 March 2022, it has been resolved to distribute the dividend at the amount of TL 1,464,526 derived from the Group's net distributable earnings in 2021 and pay the cash dividend beginning from 11 April 2022. Dividends were paid out in cash in April 2022. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 1.24 (full digit) (2021: TL 0.96 (full digit)).

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 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.)

| | Notes | Audited / current period 1 January - 31 December 2022 | Audited / prior period 1 January - 31 December 2021 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | **10,837,113** | **5,057,411** |
| **Profit for the period** | | **14,498,093** | **2,282,368** |
| Profit for the period | | 14,498,093 | 2,282,368 |
| **Adjustments to reconcile net profit for the period** | | **(8,684,996)** | **680,109** |
| Adjustments related to the depreciation and amortization | 11, 12, 13 | 568,575 | 472,588 |
| Adjustments related to the depreciation of right of use assets | 11 | 153,687 | 112,711 |
| Adjustments related to the depreciation of property, plant and equipment | 12 | 143,377 | 112,582 |
| Adjustments related to the amortization of intangible assets | 13 | 271,511 | 247,295 |
| Adjustments related to impairment loss | | 1,250,623 | 570,085 |
| Adjustments related to doubtful provision expenses | 6, 10 | 1,250,623 | 570,085 |
| Adjustments related to provisions | | 1,078,626 | 179,679 |
| Adjustments related to provisions for employee benefits | | 996,172 | 186,050 |
| Adjustments related to legal case provisions | | 82,454 | (6,371) |
| Adjustments related to interest (income) and expenses, net | | 3,728,740 | 1,308,716 |
| Adjustments related to interest income | 23 | (310,657) | (108,090) |
| Adjustments related to interest expense | | 4,039,397 | 1,416,806 |
| Adjustments related to unrealized foreign exchange loss | | (86,455) | 299,533 |
| Adjustments related to tax expense | 24 | (10,051,469) | 860,746 |
| Adjustments related to change in fair value losses / (gains) | | 380,561 | (310,479) |
| Other adjustments to reconcile profit / (loss) | 28 | (5,554,197) | (2,700,759) |
| Adjustments related to interest (income) / expense from tariff receivables (Note 22) | 22 | (1,009,497) | (56,312) |
| Adjustments related to financial income from service concession arrangements | 10, 19 | (6,225,734) | (2,950,583) |
| Adjustments related to revaluation differences arising from deposits and guarantees | 22 | 1,681,034 | 306,136 |
| **Changes in operating assets and liabilities** | | **(3,683,931)** | **(1,113,625)** |
| (Increase) / decrease in trade receivables | | (1,838,381) | (3,362,830) |
| (Increase) / decrease in inventories | | (1,114,888) | (277,912) |
| (Increase) / decrease in other receivables and assets | | (5,135,925) | (480,832) |
| Increase / (decrease) in trade payables | | 2,813,543 | 2,063,627 |
| Increase / (decrease) in other payables and expense accruals | | 1,591,720 | 944,322 |
| **Cash generated from operating activities** | | **2,129,166** | **1,848,852** |
| Payments related with provisions for employee benefits | 16 | (99,925) | (64,265) |
| Tax payments | | (675,755) | (1,257,523) |
| Interest received | | 867,056 | - |
| Other cash in-flows | 28 | 8,616,571 | 4,530,347 |
| Capital expenditures reimbursements related to service concession arrangements | 10 | 4,663,403 | 2,555,978 |
| WACC reimbursements related to service concession arrangements | 10 | 3,735,996 | 1,808,541 |
| Collections from doubtful trade receivable | 6 | 217,172 | 165,828 |
| **Cash Flows from Investing Activities** | | **(5,588,089)** | **(3,265,918)** |
| Cash used for purchase of tangible and intangible assets | | (519,758) | (753,880) |
| Interest received | | 244,813 | 111,545 |
| Other cash out-flows | 28 | (5,313,144) | (2,749,691) |
| Capital expenditures related to service concession arrangements | | (5,313,144) | (2,749,691) |
| Cash receipt from sale of debt instruments | | - | 126,108 |
| **Cash Flows from Financing Activities** | | **2,709,971** | **(1,968,072)** |
| Cash in-flows from borrowings | 25 | 36,711,811 | 16,479,807 |
| Cash out-flows for borrowings | 25 | (28,637,035) | (15,608,222) |
| Repayment of of lease liabilities | 25 | (208,533) | (148,644) |
| Interest paid | | (3,696,881) | (1,557,187) |
| Interest received | | 5,135 | - |
| Dividend paid | | (1,464,526) | (1,133,826) |
| Increase / (decrease) in cash and cash equivalents | | 7,958,995 | (176,579) |
| Cash and cash equivalents at the beginning of the period | 28 | 411,992 | 588,571 |
| **Cash and cash equivalents at the end of the period** | | **8,370,987** | **411,992** |

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

## NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

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

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

Subsidiaries consolidated in the consolidated financial statements as of 31 December 2022 and their activities are as follows:

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

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

The Group has 11,685 employees as of 31 December 2022 (31 December 2021: 11,300 employees).

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 23 February 2023. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.

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

### BAŞKENT EDAŞ and EPS

BAŞKENT EDAŞ has been acquired by EEDAŞ as of 28 January 2009 by privatization bid for the consideration of USD 1,225 million. BAŞKENT EDAŞ currently operates in 7 provinces including Ankara, Kırıkkale, Kastamonu, Zonguldak, Bartın, Çankırı and Karabük and holds the licence that gives the right for distribution of electricity in these provinces for 30 years starting from the date of Transfer of Operation Rights ("TOR") agreement signed with Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") on 31 March 2006.

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

### AYEDAŞ and AYESAŞ

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

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

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

### TOROSLAR EDAŞ and TOROSLAR EPSAŞ

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

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

EMRA has set a unique pricing mechanism for all of the electricity distribution companies in Turkey. In accordance with this pricing mechanism, EMRA determines the regional tariffs for distribution companies in Turkey. EMRA has announced a new tariffs for the period between 2011 and 2015 in December 2010; for the period between 2016 and 2020 in December 2015; and for the period between 2021 and 2025 in December 2020.

### Enerjisa Müşteri Çözümleri A.Ş.

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

### E-şarj

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

In accordance with the Shareholders Agreement dated 26 April 2018, Enerjisa Müşteri Çözümleri A.Ş. acquired a minority stake of 14% in E-şarj for a consideration of TL 42,447 on 3 December 2021. Following the transaction, Enerjisa Müşteri Çözümleri A.Ş.'s share at E-şarj increased from 80% to 94%.

## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

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

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

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this year end consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

The accompanying consolidated financial statement are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, no: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No: 28676 on 13 June 2013. The accompanying consolidated financial statements have been prepared in accordance with TFRS that have been put into effect by POA under Article 5 of the Communiqué.

### 2.2 Functional and Presentation of Currency

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

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

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

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

### 2.3 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

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

If the presentation or classification of the current period financial statements is changed, in order to maintain consistency, comparative information are also adjusted or reclassified in line with the related changes. The nature, amount and reasons for each of the reclassifications and adjustments are described below:

| | **Previously Reported 31 December 2021** | **Impact of reclassifications** | **Restated 31 December 2021** |
|---|---|---|---|
| Revenue | 30,547,681 | 2,446,649 | 32,994,330 |
| Cost of Sales (-) | (22,265,854) | (2,446,649) | (24,712,503) |
| **GROSS PROFIT** | **8,281,827** | - | **8,281,827** |

The Group has reviewed revenue and cost of sales accounts and presented investment revenues and investment costs as gross, which were shown net previously, in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

The Group has reviewed its account names for equity and changed the account name, which it had presented as "Adjustment to Share Capital" in previous years, to "Share Premium" in order to comply with the POA taxonomy.

### 2.4 Changes in Accounting Policies

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

### 2.5 Changes and Misstatements in Accounting Estimates

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. Group has made a change in estimates used for the calculation of financial assets and financial income from service concession arrangements which is explained under critical accounting judgements and key sources of estimation uncertainty section (Note 2.10). The accounting estimate change has been applied prospectively.

### 2.6 Going Concern

The business models of electricity distribution companies operating in Turkey are to make distribution infrastructure investments and reimburse the investments within 10 years together with a weighted average cost of capital (WACC) regulated by the Energy Market Regulatory Authority (EMRA). Therefore, a short-term financing need is inherent in the business model. The over or under invoicing made by the Group is calculated at the end of each year and adjusted by the EMRA through tariffs after two years. These amounts are classified as long-term receivables in the balance sheet.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2.6 Going Concern (Continued)

At the same time, deposits received from customers by retail companies are classified as other short term payables since they are treated as payable on demand. However, the cash outflows of those amounts expected to occur in the long term. As of 31 December 2022, current liabilities exceeds the current assets amounting to TL 9,263,429 in the consolidated financial position of the Group. Group ensures the any possible short term cash need with its strong operational cash inflow and effective financing management. The Group prepares consolidated financial statements in accordance with the going concern assumption and does not anticipate a significant risk.

### 2.7 Basis of Consolidation

The details of the Company's subsidiaries at 31 December 2022 and 31 December 2021 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 services |

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

### 2.7 Basis of Consolidation (Continued)

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

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

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

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

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

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

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

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

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

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

### 2.8 New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**a) Standards, amendments and interpretations applicable as at 31 December 2022:**

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the TAS published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the TASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.

    - **Amendments to TFRS 3**, **'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

    - **Amendments to TAS 16**, **'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

    - **Amendments to TAS 37**, **'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

      Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

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

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

### 2.8 New and Revised Turkish Financial Reporting Standards (Continued)

**b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:**

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

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- **TFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

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

### 2.9 Summary of Significant Accounting Policies

**Business Combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. When the contingent consideration classified as asset or liability is in the nature of financial instruments and within the context of TFRS 9 *Financial Instruments*, it is re-measured at fair value and; gain or loss due to changes are recognized in profit or loss or other comprehensive income. Those are not within the context of TFRS 9 are re-measured in accordance with TAS 37 *Provisions*, Contingent Liabilities and Contingent Assets.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually (Note: 2.10), or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**Related Parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Related Parties (Continued)**

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Revenue Recognition**

Distribution part of the revenue is composed of distribution, meter reading services, transmission and theft and loss components. Distribution and meter reading service components are considered within the content of service concession arrangements due to the regulations of EMRA. Additionally, according to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations, the Group's distribution, transmission and meter reading services are subject to revenue caps which cover operating expenses and investment requirements related to distribution and meter reading services. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. ("TEİAŞ"). These regulations guarantee revenue to the Group during the transition period regardless of the consumption level. The under billings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years.

Revenue recognition principles other than the assets classified as due from service concession arrangements under TFRIC 12 are as follows:

Revenue (excluding the distribution business) is recognized upon delivery of electricity to customers or upon fulfilment of services. Delivery is deemed complete when the risk and rewards associated with ownership has been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Gross profit to be gained from the regulatory portfolio of the Group is determined by EMRA and the revenue of the companies related to the regulated portfolio is computed in accordance with the provisions of "Regulation of Retail Energy Sales Prices" issued by EMRA on 17 November 2020 by considering revenue requirements to cover the operational expenses and the doubtful receivable expenses are reflected in the consolidated financial statements based on TFRS 15 requirements.

Revenue from the sale and delivery of electricity is measured at the fair value of the consideration received or receivable. The estimated value of the electricity supplied but not invoiced to the customers is considered for the measurement of revenue.

Revenue is recognized on an accrual basis at the time the electricity is distributed, at the invoiced values. Net sales represent the invoiced value of electricity distributed excluding sales commission and sales taxes.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Revenue Recognition (Continued)**

*Principal and agent assessment*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the Group transfers the good or service to a customer. When a Group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

*Financial income from service concession arrangements*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Financial income related to service concession arrangements is recognized in accordance with Service Concession Arrangements (“TFRIC 12”). Financial income from service concession arrangement is recognized on a time-proportion basis using the effective interest method.

Group recognizes the revenue calculated by the internal rate of return as “Financial Income from Service Concession Arrangements” in profit or loss and other comprehensive income statement. Main revenue source of distribution companies are financial income from the investments for improvement and maintenance of network.  Therefore, Group evaluates that the financial income from service concession arrangements drives from the main business activity of the distribution companies and accordingly it is recognized as a part of revenue.

**Service Concession Arrangements**

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals – to private operators. The Group’s electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group’s terms in the service concession arrangements, a financial asset model according to IFRIC 12 where the Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated by EMRA.

The Group recognizes the revenue on an effective interest method as “Financial Income from Service Concession Arrangements” in profit or loss and other comprehensive income and “Financial Assets” on the consolidated statement of financial position.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Inventories**

Inventories mainly include electricity equipment and materials related to the Group's electricity distribution business. Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Additional costs, incurred to bring the inventories to the intended usable condition or position, are included in determination of cost.

**Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized from statement of financial position (balance sheet) upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**Intangible assets**

*Customer contracts and relations and Transfer of Operational Rights*

Customer contracts and relations and TOR are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The useful lives of customer contracts and relations range between 25-30 years.

*Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Leasing transactions**

*Group as a lessee*

Initially the Group assesses whether the contract is, or contains lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),

- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),

- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,

- The right to direct the use of the identified asset. The Group has the right to direct the use of an identified asset throughout the period of use only if either:

    a) the Group has the right to direct how and for what purpose the asset is used throughout the period of use

    b) the Group has the right to direct use of asset if either:

        i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
        ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

*Right of use asset*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Leasing transactions (Continued)**

*Right of use asset (Continued)*

The cost of right-of-use assets includes:

a. The amount of lease liabilities recognized,
b. Lease payments made at or before the commencement date less any lease incentives received, and
c. Initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

*Lease Liabilities*

The Group measures its rent obligation at the present value of unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the actual lease date:

a. Fixed payments,
b. Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease,
c. Amounts expected to be paid by the Group under residual value commitments,
d. The use price of this option if the Group is reasonably certain that it will use it, and
e. The penalty payments for termination of the lease if the lease shows that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

After the effective date of the lease, the Group measures the lease obligation as follows:

a. Increase the carrying amount to reflect the interest on the lease obligation; and
b. Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. There were no capitalized borrowing costs in 2021 and 2022.

All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

**Financial instruments**

**Financial assets - Classification and measurement**

The Group classified its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

**(a) Financial assets carried at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables", "financial assets" (TFRIC 12), "cash and cash equivalents" and "financial investments to be held to maturity" in the statement of financial position.

**Impairment**

The Group has applied simplified approach and used impairment matrix for the calculation of impairment for its receivables on its consolidated financial statements, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectation based on the macroeconomic indications.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Financial Instruments (Continued)**

**(a) Financial assets carried at amortised cost (Continued)**

**Impairment (Continued)**

In the retail business, part of the doubtful trade receivables expenses are compensated by EMRA through retail service revenue. The compensation amount calculated by multiplying the average of company risk and country risk with the net invoiced sales revenue of the retail company and the amount is included in the uncontrollable operating expenses.

In the distribution business, distribution companies receive reimbursements for overdue receivables from EMRA two years after the date when doubtful receivable has become due, provided that a legal action has been initiated against the counter-party with respect to receivables. Therefore, uncollected receivables are returned to distribution companies after a two-year period.

**(b) Financial assets carried at fair value**

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. The Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

*i) Financial assets carried at fair value through profit or loss*

Financial assets carried at fair value through profit or loss comprise of “derivative instruments” in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. The Group’s financial instruments at fair value through profit or loss consist of forward exchange contracts.

*ii) Financial assets carried at fair value through other comprehensive income*

Financial assets carried at fair value through other comprehensive income comprise of “derivative instruments” in the statement of financial position. Gains or losses on a financial asset carried at fair value through other comprehensive income is recognized in other comprehensive income under the scope of hedge accounting. The Group’s financial instruments at fair value through other comprehensive income consist of forward exchange contracts to mitigate the foreign exchange rate risk arising from feed-in-tariff cost (“FIT”), energy purchases and unit price investments.

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Provisions, contingent liabilities, contingent assets**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are assessed continuously to determine probability of outflow of economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for cases where a reliable estimate cannot be made.

Possible assets that arise from past events and whose existence not wholly within the control of the Group and that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events are recognized as contingent assets. When an inflow of resources embodying economic benefits is probable, the Group discloses contingent assets in the notes.

When the outflow of economic benefits from the Group is probable but the amount cannot be measured reliably, the Group discloses this fact in the notes.

**Earnings per share**

Earnings per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

**Segment reporting**

The Group has electricity distribution, retail and customer solutions operating segments, which includes the information used from management to evaluate performance and taking decision for resource allocation. These segments are managed separately because it is influenced by different economic situations and business positions in terms of risk and return.

Operating segments are reported in a manner consistent with the reporting provided to the board of directors. Board of directors are responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

#### Government grants

Electricity distribution companies within the Group have the right to benefit from VAT exemption for machinery equipment purchases from domestic suppliers in the scope of renewal of existing investments with the investment incentive certificate which had been obtained from the Ministry of Economy on 15 January 2016.

#### Taxation and deferred income taxes

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of current tax and deferred tax expenses.

*Current tax expense*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

*Deferred tax*

Deferred tax is recognized in accordance with the balance sheet method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit with using tax rates that have been enacted or substantively enacted in accordance with the balance sheet method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Taxation and deferred income taxes (Continued)**

*Deferred tax (Continued)*

Current and deferred taxes are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

**Subsequent events**

Subsequent events; even if they occur after any announcement related with profit or public announcement of other chosen financial statements, covers any event between the balance sheet date and the publication date of the balance sheet.

In the case that events requiring an adjustment to the financial statements occur subsequent to the date of statement of financial position, the Group makes the necessary corrections on the consolidated financial statements.

**Employment benefits**

*Termination and retirement benefits*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the statement of the financial position represents the present value of the defined benefit obligation. Actuarial gains and losses have no material impact in the consolidated financial statements and are recognized in the statement of profit or loss and other comprehensive income.

*Vacation rights and bonus provisions*

The liabilities related to unused vacation rights and bonus payments from current year's performance are accrued when they are entitled.

*Defined contribution plans*

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

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

### 2.9 Summary of Significant Accounting Policies (Continued)

**Statement of cash flow**

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets, investments related to service concession arrangements and financial investments).

The disclosure of cash flows from investing activities provides users with information on the extent of expenditure that has been incurred in order to generate the future cash flows and profits of the business. Group is responsible to provide electricity distribution services and operate the electricity network during the license period. In order to maintain the network service, the Group has to make these physical investments and incur related expenditure to generate future cash flows. Therefore, capital expenditures related to service concession arrangement has been classified under cash flows from investing activities at consolidated statement of cash flow.

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

**Share capital and dividends**

Common shares are classified as equity.

Dividends on common shares are recognized in equity in the period in which they are approved and declared. Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

### 2.10 Significant Accounting Estimates and Assumptions

**Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

Critical judgments in applying the Group's accounting policies

*Use of Estimates*

The preparation of consolidated financial statements in conformity with TFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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

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

### 2.10 Significant Accounting Estimates and Assumptions (Continued)

### Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Critical judgments in applying the Group's accounting policies (Continued)

*Impairment test of Goodwill*

Pursuant to TAS 36 *Impairment of Assets*, the Group tested goodwill as of 31 December 2022 in accordance with the accounting policy stated at Note: 2.9. The goodwill impairment test is carried out for Retail Cash Generating Units ("CGU"). As of 31 December 2022, the following assumptions were used to determine the recoverable amount of Retail CGU:

| **CGU:** | **Retail** |
|---|---|
| Base used for the recoverable amount: | Value in use |
| Source: | Forecasted cash flows |
| WACC (TL): | 26.7% |
| Terminal growth rate | 4% |

The net present value of Retail CGU was calculated by discounting TL, which is the functional currency of the Group, free cash flows. The Group compared the recoverable amount calculated based on the aforementioned assumptions to the total value of Retail CGU and no impairment was identified.

1% increase of weighted average cost of capital decreases the recoverable amount of Retail CGU by 3%, 1% decrease of weighted average cost of capital increases the recoverable amount of Retail CGU by 3%. 1% increase of terminal growth rate cost of capital increases the recoverable amount of Retail CGU by 3%, 1% decrease of terminal growth rate decreases the recoverable amount of Retail CGU by 2%. No impairment is identified based on the sensitivity analysis.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

*Service concession arrangements*

The Group determines the financial assets and financial income from service concession arrangements balances recognized under service concession arrangements based on the cash flows derived from the tariffs announced by EMRA. The distribution revenue requirements of the Group during the second (2011 - 2015), third (2016 - 2020) and fourth tariff periods (2021 - 2025) were determined by EMRA considering the projected expenses and related tariffs which were published in 2010, 2015 and 2020. These tariffs are revised yearly due to inflation, based on the changes in the Electricity Market Index ("EMI") (Since the "EMI" is not announced, CPI ("Consumer Price Index") is considered as based). In determination of the aforementioned projected cash inflows in the upcoming periods the Group management made estimates related to the CPI rate and the WACC ("Weighted Average Capital Cost") rate determined in the latest tariff period continued to be used until the end of the license period. Moreover, distribution revenue requirements from the end of fourth tariff period to the end of license (2036 for BAŞKENT EDAŞ and 2042 for AYEDAŞ and TOROSLAR EDAŞ) had been expected by the Group management based on the tariff components announced for the fourth tariff period until 30 June 2022.

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

### 2.10 Significant Accounting Estimates and Assumptions (Continued)

### Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

*Service concession arrangements (Continued)*

However, the expectations are limited to include only the realized investments and related reimbursements in the upcoming years for these investments and aforementioned CPI estimates in order to make more reliable measurement starting from 1 July 2022. The accounting estimate change has been applied prospectively.

*Revenue recognition*

Invoices of the subscribers other than residential and commercial groups are issued monthly at the end of each month by the Group whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the total electricity supplied to the residential and commercial subscribers during each month cannot be invoiced and income accruals are recognized as revenue at period-ends for these customer groups based on the actual billing performance.

*Deferred tax*

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized in the upcoming years. Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be used. Group calculated deferred tax assets for the unused tax losses which are carried in the legal books to the extent that it is possible that future taxable profits will be available against which they can be used and for the revaluation records for fixed assets in the legal books within the scope of Law No. 7338 which is published in the Official Gazette on 26 October 2021. Deferred tax assets are recognized when it is probable that tax benefits will be available in future periods. Therefore, the recognition of the deferred tax assets are based on the expectations of the future financial performance of the Group. Assessments are performed based on the future financial plans and tax planning strategies which can be implemented when necessary. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered (Note 24).

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

## NOTE 3 – SHARES IN OTHER PARTIES

### Subsidiaries

| | | | Proportion of ownership (%) | |
|---|---|---|---|---|
| **Name of Subsidiary** | **Principal activity** | **Place of incorporation and operation** | **31 December 2022** | **31 December 2021** |
| BAŞKENT EDAŞ | Electricity Distribution Services | Ankara | 100 | 100 |
| EPS | Electricity Retail Services | Ankara | 100 | 100 |
| AYEDAŞ | Electricity Distribution Services | İstanbul | 100 | 100 |
| AYESAŞ | Electricity Retail Services | İstanbul | 100 | 100 |
| TOROSLAR EDAŞ | Electricity Distribution Services | Adana | 100 | 100 |
| TOROSLAR EPSAŞ | Electricity Retail Services | Adana | 100 | 100 |
| Enerjisa Müşteri Çözümleri A.Ş. | Customer Solutions and Distributed Generation Services | İstanbul | 100 | 100 |
| E-şarj | Electric Vehicles and Charging Stations Services | İstanbul | 94 | 94 |

| | | Number of subsidiaries owned by the Group | |
|---|---|---|---|
| **Principal Activity** | **Place of incorporation and operation** | **31 December 2022** | **31 December 2021** |
| Electricity Distribution Services | Ankara, İstanbul, Adana | 3 | 3 |
| Electricity Retail Services | Ankara, İstanbul, Adana | 3 | 3 |
| Customer Solutions and Distributed Generation Services | İstanbul | 1 | 1 |
| Electric Vehicles and Charging Stations Services | İstanbul | 1 | 1 |

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

## NOTE 4 - SEGMENT REPORTING

The business activities of the Group are managed and organized according to the services provided in the electricity market. The Group has three main operating segments; electricity distribution, retail and customer solutions. The principal activity of distribution segment is the transmission of electricity over lines to the end users through distribution networks, by also providing infrastructure investments due to the regulated tariffs announced by EMRA; whereas the retail segment conduct retail sales of electricity to the customers. The main activity of the customer solutions segment is to provide energy efficiency and distributed generation solutions to customers. E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.'s activities are also disclosed under customer solutions segment. The Group performs segment reporting according to TFRS 8 in order to provide unbiased and transparent information to the investor. The Group management follows the performance of the business segments with operating profit and net profit for the period, as well as financial and non-financial indicators.

The following table contains information on the Group's sales and profit from its operations for the year ended 31 December 2022 and 31 December 2021.

| **1 January - 31 December 2022** | **Distribution** | **Retail** | **Customer Solutions** | **Unallocated (*)** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|
| Revenue | 24,872,390 | 59,342,509 | 234,132 | 123,079 | (123,079) | 84,449,031 |
| Cost of sales (-) | (11,064,085) | (57,476,117) | (80,648) | - | - | (68,620,850) |
| **Gross profit / (loss)** | **13,808,305** | **1,866,392** | **153,484** | **123,079** | **(123,079)** | **15,828,181** |
| General administrative expenses (-) | (6,313,295) | (1,036,983) | (84,099) | (427,701) | 128,027 | (7,734,051) |
| Other income / (expense) from operating activities - net | (380,709) | 701,823 | (66,761) | 1,672 | (2,148) | 253,877 |
| **Operating profit / (loss)** | **7,114,301** | **1,531,232** | **2,624** | **(302,950)** | **2,800** | **8,348,007** |
| Financial income | 214,037 | 288,939 | 20,815 | 557,106 | (770,240) | 310,657 |
| Financial expense (-) | (3,163,541) | (790,435) | (72,492) | (955,812) | 770,240 | (4,212,040) |
| **Profit / (loss) before taxation on income** | **4,164,797** | **1,029,736** | **(49,053)** | **(701,656)** | **2,800** | **4,446,624** |
| Current tax expense (-) | (804,723) | (1,678,781) | - | - | - | (2,483,504) |
| Deferred tax income / (expense) | 11,122,067 | 1,265,397 | 7,297 | 140,212 | - | 12,534,973 |
| **Net profit / (loss) for the period** | **14,482,141** | **616,352** | **(41,756)** | **(561,444)** | **2,800** | **14,498,093** |

(*) TL 208,663 of TL 568,575 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 13), which is presented as unallocated under general administrative expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business and financial incomes under unallocated part mainly represents the interest income from intercompany loans given to distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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

## NOTE 4 - SEGMENT REPORTING (Continued)

| **1 January - 31 December 2021** | **Distribution** | **Retail** | **Customer Solutions** | **Unallocated (**)** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|
| Revenue (*) | 12,677,202 | 20,076,342 | 240,786 | 34,641 | (34,641) | 32,994,330 |
| Cost of sales (-) (*) | (5,550,361) | (19,018,201) | (143,941) | - | - | (24,712,503) |
| **Gross profit / (loss)** | **7,126,841** | **1,058,141** | **96,845** | **34,641** | **(34,641)** | **8,281,827** |
| General administrative expenses (-) | (2,613,131) | (481,015) | (23,172) | (304,700) | 39,289 | (3,382,729) |
| Other income / (expense) from operating activities - net | (342,450) | 16,611 | (54,767) | 747 | (4,648) | (384,507) |
| **Operating profit / (loss)** | **4,171,260** | **593,737** | **18,906** | **(269,312)** | **-** | **4,514,591** |
| Financial income | 190,116 | 457,306 | 10,493 | 115,362 | (665,187) | 108,090 |
| Financial expense (-) | (1,541,290) | (24,684) | (10,377) | (568,403) | 665,187 | (1,479,567) |
| **Profit / (loss) before taxation on income** | **2,820,086** | **1,026,359** | **19,022** | **(722,353)** | **-** | **3,143,114** |
| Current tax expense (-) | (985,092) | - | (4,877) | - | - | (989,969) |
| Deferred tax income / (expense) | 220,458 | (236,404) | (1,201) | 146,370 | - | 129,223 |
| **Net profit / (loss) for the period** | **2,055,452** | **789,955** | **12,944** | **(575,983)** | **-** | **2,282,368** |

(*) Details for reclassifications of prior year consolidated financial statements are disclosed in Note 2.3.

(**) TL 208,663 of TL 472,588 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 13), which is presented as unallocated under general administrative expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business and financial incomes under unallocated part mainly represents the interest income from intercompany loans given to distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 4 - SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial position of its business segments related to the periods ended 31 December 2022 and 31 December 2021.

| As at 31 December 2022 | Distribution | Retail | Customer Solutions | Unallocated (*) | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Segment assets** | | | | | | |
| Cash and cash equivalents | 315,017 | 8,040,899 | 14,891 | 180 | - | 8,370,987 |
| Trade receivables | 3,862,470 | 2,930,900 | 175,794 | 42,274 | (1,214,830) | 5,796,608 |
| Inventories | 1,393,613 | - | 168,725 | - | - | 1,562,338 |
| Derivative instruments | 17,280 | 228,970 | - | - | - | 246,250 |
| Financial assets | 15,134,818 | - | - | (2,245) | - | 15,132,573 |
| Right of use assets | 318,588 | 63,301 | 570 | 4,858 | - | 387,317 |
| Property, plant and equipment | 1,490,471 | 36,978 | 102,464 | 4,092 | - | 1,634,005 |
| Intangible assets | 68,576 | 115,997 | 50,328 | 5,862,197 | - | 6,097,098 |
| Deferred tax assets | 10,831,314 | 1,115,132 | 13,419 | 411,547 | - | 12,371,412 |
| Other receivables and assets | 6,511,518 | 5,020,174 | 128,291 | 7,643,782 | (11,713,756) | 7,590,009 |
| **Total assets** | **39,943,665** | **17,552,351** | **654,482** | **13,966,685** | **(12,928,586)** | **59,188,597** |
| **Segment liabilities** | | | | | | |
| Financial liabilities | 9,133,018 | 4,972,170 | 154,680 | 10,125,625 | (5,290,480) | 19,095,013 |
| Other financial liabilities | 591,775 | - | - | - | - | 591,775 |
| Trade payables | 4,387,515 | 3,454,251 | 128,618 | 16,747 | (1,214,830) | 6,772,301 |
| Derivative instruments | 94,865 | 6,035 | 2,060 | - | - | 102,960 |
| Deferred tax liabilities | - | - | - | 774,789 | - | 774,789 |
| Other payables and liabilities | 8,742,731 | 7,617,180 | 298,415 | 44,463 | (6,423,276) | 10,279,513 |
| **Total liabilities** | **22,949,904** | **16,049,636** | **583,773** | **10,961,624** | **(12,928,586)** | **37,616,351** |

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).

(*) As of 31 December 2022, the Group has recorded an impairment provision of TL 2,245 for its financial assets in accordance with TFRS 9 Financial Instruments.

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

## NOTE 4 - SEGMENT REPORTING (Continued)

| **As at 31 December 2021** | **Distribution** | **Retail** | **Customer Solutions** | **Unallocated (*)** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|
| **Segment assets** | | | | | | |
| Cash and cash equivalents | 231,294 | 158,792 | 21,791 | 115 | - | 411,992 |
| Trade receivables | 2,497,359 | 3,754,039 | 107,804 | 6,823 | (793,220) | 5,572,805 |
| Inventories | 444,021 | - | 3,429 | - | - | 447,450 |
| Derivative instruments | 303,994 | 1,306,075 | 447 | - | - | 1,610,516 |
| Financial assets | 12,856,735 | - | - | (3,096) | - | 12,853,639 |
| Right of use assets | 206,614 | 44,324 | 263 | 4,995 | - | 256,196 |
| Property, plant and equipment | 1,378,449 | 33,460 | 31,017 | 3,962 | (2,800) | 1,444,088 |
| Intangible assets | 41,124 | 66,268 | 47,349 | 6,070,694 | - | 6,225,435 |
| Deferred tax assets | - | - | 6,122 | 312,779 | - | 318,901 |
| Other receivables and assets | 1,482,183 | 1,839,630 | 20,462 | 4,278,243 | (5,427,899) | 2,192,619 |
| **Total assets** | **19,441,773** | **7,202,588** | **238,684** | **10,674,515** | **(6,223,919)** | **31,333,641** |
| **Segment liabilities** | | | | | | |
| Financial liabilities | 6,096,858 | 52,792 | 7,134 | 6,475,705 | (1,916,269) | 10,716,220 |
| Other financial liabilities | 575,991 | - | - | - | - | 575,991 |
| Trade payables | 2,170,672 | 2,551,572 | 44,416 | 7,700 | (793,220) | 3,981,140 |
| Derivative instruments | 4,981 | 37,543 | 3,612 | - | - | 46,136 |
| Deferred tax liabilities | 307,613 | 381,064 | - | 816,231 | - | 1,504,908 |
| Other payables and liabilities | 5,661,141 | 2,857,531 | 121,057 | 30,125 | (3,511,630) | 5,158,224 |
| **Total liabilities** | **14,817,256** | **5,880,502** | **176,219** | **7,329,761** | **(6,221,119)** | **21,982,619** |

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).

(*) As of 31 December 2021, the Group has recorded an impairment provision of TL 3,096 for its financial assets in accordance with TFRS 9 Financial Instruments.

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

## NOTE 4 - SEGMENT REPORTING (Continued)

| **1 January - 31 December 2022** | **Distribution** | **Retail** | **Customer Solutions** | **Unallocated** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | **4,763,129** | **6,365,191** | **(192,354)** | **(98,853)** | **-** | **10,837,113** |
| Profit for the period | 14,482,141 | 616,352 | (41,756) | (561,444) | 2,800 | 14,498,093 |
| Adjustments to reconcile net profit for the period | (11,542,382) | 2,238,523 | 134,886 | 486,777 | (2,800) | (8,684,996) |
| Changes in operating assets and liabilities | (5,791,887) | 2,417,658 | (285,484) | (24,218) | - | (3,683,931) |
| Cash generated from operating activities | (2,852,128) | 5,272,533 | (192,354) | (98,885) | - | 2,129,166 |
| Tax payments | (855,347) | 179,592 | - | - | - | (675,755) |
| Interest received | - | 867,056 | - | - | - | 867,056 |
| Other cash inflows / (outflows) (**) | 8,470,604 | 46,010 | - | 32 | - | 8,516,646 |
| **Cash Flows from Investing Activities** | **(5,594,950)** | **106,897** | **(74,482)** | **1,073,393** | **(1,098,947)** | **(5,588,089)** |
| Cash used for purchase of property, plant and equipment and intangible assets | (286,582) | (132,617) | (89,755) | (10,804) | - | (519,758) |
| Interest received | 4,776 | 239,514 | 15,273 | 1,084,197 | (1,098,947) | 244,813 |
| Other cash out-flows (*) | (5,313,144) | - | - | - | - | (5,313,144) |
| **Cash Flows from Financing Activities** | **915,544** | **1,410,019** | **259,936** | **(974,475)** | **1,098,947** | **2,709,971** |
| Increase / (decrease) in cash and cash equivalents | 83,723 | 7,882,107 | (6,900) | 65 | - | 7,958,995 |
| Cash and cash equivalents at the beginning of the period | 231,294 | 158,792 | 21,791 | 115 | - | 411,992 |
| **Cash and cash equivalents at the end of the period** | **315,017** | **8,040,899** | **14,891** | **180** | **-** | **8,370,987** |

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

(**) Other cash inflows include capital expenditures reimbursements related to service concession arrangements amounting to TL 4,663,403 and WACC reimbursements related to service concession arrangements amounting to TL 3,735,996.

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

## NOTE 4 - SEGMENT REPORTING (Continued)

| 1 January - 31 December 2021 | Distribution | Retail | Customer Solutions | Unallocated | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | **5,627,341** | **(490,990)** | **(34,707)** | **(44,233)** | **-** | **5,057,411** |
| Profit for the period | 2,055,452 | 789,955 | 12,944 | (575,983) | - | 2,282,368 |
| Adjustments to reconcile net profit for the period | (57,176) | 166,417 | 24,523 | 546,345 | - | 680,109 |
| Changes in operating assets and liabilities | 168,225 | (1,207,400) | (71,711) | (2,739) | - | (1,113,625) |
| Cash generated from operating activities | 2,166,501 | (251,028) | (34,244) | (32,377) | - | 1,848,852 |
| Tax payments | (960,017) | (297,506) | - | - | - | (1,257,523) |
| Other cash inflows / (outflows) (**) | 4,420,857 | 57,544 | (463) | (11,856) | - | 4,466,082 |
| **Cash Flows from Investing Activities** | **(3,281,804)** | **398,653** | **(47,798)** | **640,045** | **(975,014)** | **(3,265,918)** |
| Cash used for purchase of property, plant and equipment and intangible assets | (658,221) | (36,627) | (48,823) | (10,209) | - | (753,880) |
| Interest received | - | 435,280 | 1,025 | 650,254 | (975,014) | 111,545 |
| Other cash out-flows (*) | (2,749,691) | - | - | - | - | (2,749,691) |
| Cash outflows to acquire debt instruments | 126,108 | - | - | - | - | 126,108 |
| **Cash Flows from Financing Activities** | **(2,158,047)** | **(286,597)** | **97,349** | **(595,791)** | **975,014** | **(1,968,072)** |
| Increase / (decrease) in cash and cash equivalents | 187,490 | (378,934) | 14,844 | 21 | - | (176,579) |
| Cash and cash equivalents at the beginning of the period | 43,804 | 535,566 | 9,107 | 94 | - | 588,571 |
| **Cash and cash equivalents at the end of the period** | **231,294** | **156,632** | **23,951** | **115** | **-** | **411,992** |

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

(**) Other cash inflows include capital expenditures reimbursements related to service concession arrangements amounting to TL 2,555,978 and WACC reimbursements related to service concession arrangements amounting to TL 1,808,541.

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## NOTE 5 - RELATED PARTY TRANSACTIONS

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

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

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

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

| Related party bank balances – Akbank T.A.Ş. (1) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Demand deposits | 110,548 | 82,836 |
| Time deposits | 1,501,932 | 195,111 |
| | 1,612,480 | 277,947 |

| Loans provided by related parties | Original currency | Maturity | 31 December 2022 Current liabilities | Non-current liabilities |
|---|---|---|---|---|
| Akbank T.A.Ş. (1) | TL | 23 February 2023 | 306,693 | - |
| Akbank T.A.Ş. (1) | TL | 23 February 2023 | 306,546 | - |
| Akbank T.A.Ş. (1) | TL | 23 February 2023 | 306,550 | - |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 51,537 | - |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 102,975 | - |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 103,024 | - |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 206,048 | - |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 975,764 | - |
| Akbank T.A.Ş. (1) | TL | 15 December 2023 | 608,979 | - |
| Akbank T.A.Ş. (1) | TL | 15 December 2023 | 608,979 | - |
| Akbank T.A.Ş. (1) | TL | 15 December 2023 | 304,490 | - |
| | | | 3,881,585 | - |

As of 31 December 2022, the interest rates of TL related party loans utilized are in the range of 9.71% - 21.00% and the interest rate of TLREF related party loans are utilized is TLREF+23%. (31 December 2021: 8.66% - 9.98%). As of 31 December 2022, there is no foreign currency related party loans (31 December 2021: None).

As of 31 December 2022 and 31 December 2021, the Group has not given any collateral for the loans.

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

## NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

| Loans provided by related parties | Original currency | Maturity | 31 December 2021 Current liabilities | 31 December 2021 Non-current liabilities |
|---|---|---|---|---|
| Akbank T.A.Ş. (1) | TL | 4 January 2022 | 501 | - |
| Akbank T.A.Ş. (1) | TL | 7 February 2022 | 208,104 | - |
| Akbank T.A.Ş. (1) | TL | 8 February 2022 | 3,490 | - |
| Akbank T.A.Ş. (1) | TL | 22 April 2022 | 2,078 | - |
| Akbank T.A.Ş. (1) | TL | 17 May 2022 | 313,630 | - |
| Akbank T.A.Ş. (1) | TL | 17 May 2022 | 104,249 | - |
| Akbank T.A.Ş. (1) | TL | 18 May 2022 | 104,516 | - |
| Akbank T.A.Ş. (1) | TL | 16 June 2022 | 208,775 | - |
| Akbank T.A.Ş. (1) | TL | 16 June 2022 | 417,547 | - |
| Akbank T.A.Ş. (1) | TL | 27 June 2022 | 129,241 | - |
| Akbank T.A.Ş. (1) | TL | 27 June 2022 | 103,302 | - |
| Akbank T.A.Ş. (1) | TL | 27 June 2022 | 103,393 | - |
| Akbank T.A.Ş. (1) | TL | 27 June 2022 | 103,393 | - |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 4,723 | 46,814 |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 9,432 | 93,309 |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 9,442 | 93,592 |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 18,885 | 187,184 |
| Akbank T.A.Ş. (1) | TL | 9 March 2023 | 89,415 | 886,195 |
| | | | 1,934,116 | 1,307,094 |

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

| | 31 December 2022 Contract Amount (USD) | Contract Amount (EUR) | Contract Amount (TL) | Assets | Liabilities |
|---|---|---|---|---|---|
| Forward exchanges | 125,095 | 46,224 | 3,260,541 | 142,728 | (92,630) |
| | 125,095 | 46,224 | 3,260,541 | 142,728 | (92,630) |

| | 31 December 2021 Contract Amount (USD) | Contract Amount (EUR) | Contract Amount (TL) | Assets | Liabilities |
|---|---|---|---|---|---|
| Forward exchanges | 208,066 | 29,308 | 3,215,473 | 750,489 | (44,547) |
| | 208,066 | 29,308 | 3,215,473 | 750,489 | (44,547) |

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

## NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

| | 31 December 2022 | | | |
|---|---|---|---|---|
| | Receivables | | Payables | |
| | Current | Non-current | Current | |
| Balances with Related Parties | Trade | Trade | Trade | Other |
| Akbank T.A.Ş. (1) | 21,971 | - | - | - |
| Aksigorta A.Ş. (1) | - | - | 7,133 | 2,425 |
| Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1) | 3,832 | 23,753 | - | - |
| Carrefoursa A.Ş. (1) | 4,820 | - | - | - |
| Çimsa Çimento Sanayi A.Ş. (1) | 1,118 | - | - | - |
| Enerjisa Üretim Santralleri A.Ş. (1) | 259 | - | 295,699 | - |
| Hacı Ömer Sabancı Holding A.Ş. (2) (**) | 1,130 | - | - | - |
| Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*) | - | - | 7,900 | - |
| Teknosa İç ve Dış Ticaret A.Ş. (1) | 1,913 | - | - | - |
| Other (1) | 2,168 | - | - | - |
| | 37,211 | 23,753 | 310,732 | 2,425 |

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | Receivables | | Payables | |
| | Current | Non-current | Current | |
| Balances with Related Parties | Trade | Trade | Trade | Non-trading |
| Akbank T.A.Ş. (1) | 6,697 | - | 7 | - |
| Akçansa Çimento Sanayi ve Ticaret A.Ş. (1) | 4 | - | - | - |
| Aksigorta A.Ş. (1) | - | - | 14,008 | - |
| Avivasa Emeklilik ve Hayat A.Ş. (1) | 84 | - | - | - |
| Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1) | 20,004 | - | - | - |
| Carrefoursa A.Ş. (1) | 6,015 | - | - | - |
| Enerjisa Üretim Santralleri A.Ş. (1) | 85 | - | 65,801 | - |
| Hacı Ömer Sabancı Holding A.Ş. (2) (**) | 515 | - | - | - |
| Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*) | - | - | 7,557 | - |
| Teknosa İç ve Dış Ticaret A.Ş. (1) | 1,470 | - | - | - |
| Other (1) | 68 | - | - | - |
| | 34,942 | - | 87,373 | - |

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

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

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

## NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

### Key management compensation

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

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

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

## NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

| | 1 January - 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| Transactions with Related Parties | Electricity sales | Electricity purchases | Interest income | Interest expense | General administrative expenses | Other income |
| Akbank T.A.Ş. (1) | 179,829 | - | 125,386 | 866,785 | - | - |
| Akçansa Çimento Sanayi ve Ticaret A.Ş. (1) | 188 | - | - | - | - | - |
| Aksigorta A.Ş. (1) | 121 | - | - | - | 101,032 | - |
| Avivasa Emeklilik ve Hayat A.Ş. (1) | 37 | - | - | - | - | - |
| Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1) | 1,405 | - | - | - | - | 5,849 |
| Carrefoursa A.Ş. (1) | 265,923 | - | - | - | 1,082 | - |
| Çimsa Çimento Sanayi A.Ş. (1) | 7,695 | - | - | - | - | - |
| Enerjisa Üretim Santralleri A.Ş. (1) | 5,666 | 9,704,988 | - | - | - | 5,210 |
| Hacı Ömer Sabancı Holding A.Ş. (2) (**) | 9,226 | - | - | - | - | - |
| Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*) | - | - | - | - | 77,374 | - |
| Teknosa İç ve Dış Ticaret A.Ş. (1) | 9,729 | - | - | - | - | 379 |
| Other (1) | 76 | - | - | - | - | 183 |
| | 479,895 | 9,704,988 | 125,386 | 866,785 | 179,488 | 11,621 |

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

(**) Includes electricity sales to Sabancı.

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

## NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

| | 1 January - 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| Transactions with Related Parties | Electricity sales | Electricity purchases | Interest income | Interest expense | General administrative expenses | Other income |
| Akbank T.A.Ş. (1) | 67,819 | - | 50,532 | 303,594 | - | - |
| Akçansa Çimento Sanayi ve Ticaret A.Ş. (1) | 16 | - | - | - | - | - |
| Aksigorta A.Ş. (1) | 36 | - | - | - | 53,527 | - |
| Avivasa Emeklilik ve Hayat A.Ş. (1) | 724 | - | - | - | - | - |
| Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1) | 463 | - | - | - | - | 21,575 |
| Carrefoursa A.Ş. (1) | 120,158 | - | - | - | - | - |
| Çimsa Çimento Sanayi A.Ş. (1) | 475 | - | - | - | - | - |
| Enerjisa Üretim Santralleri A.Ş. (1) | 2,740 | 682,485 | - | - | - | 1,844 |
| Hacı Ömer Sabancı Holding A.Ş. (2) (**) | 4,613 | - | - | - | 310 | - |
| Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*) | - | - | - | - | 28,537 | - |
| Teknosa İç ve Dış Ticaret A.Ş. (1) | 4,936 | - | - | - | - | 774 |
| Other (1) | 593 | - | - | - | - | - |
| | 202,573 | 682,485 | 50,532 | 303,594 | 82,374 | 24,193 |

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

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

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

## NOTE 6 - TRADE RECEIVABLES AND PAYABLES

### 6.1 Trade Receivables

| Current Trade Receivables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade receivables (*) | 9,825,156 | 8,679,529 |
| Due from related parties (Note 5) | 37,211 | 34,942 |
| Allowance for doubtful receivables (-) | (4,174,837) | (3,141,666) |
| | 5,687,530 | 5,572,805 |

| Non-Current Trade Receivables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade receivables | 85,325 | - |
| Due from related parties (Note 5) | 23,753 | - |
| | 109,078 | - |

(*) EMRA determines regulated margin and revenue requirements for regulated sales based on demand, energy supply costs and consumption forecasts. However, the actual demand and supply costs may show some differences from forecasts. These differences are recognized in trade receivables.

As of 31 December 2022, trade receivables amounting TL 2,846,034 (31 December 2021: TL 4,595,584) were neither past due nor impaired. Interest is charged at 1.6% for the period of 1 January 2022 – 20 July 2022, 2.5% for the period of 21 July 2022 – 31 December 2022 per month on the overdue receivable balances (1.6% per month for the period of 1 January 2021 – 31 December 2021).

As of 31 December 2022, trade receivables amounting TL 2,950,574 (31 December 2021: TL 977,221) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 31 December 2022 and 31 December 2021 is as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Up to 1 months | 1,909,224 | 584,429 |
| 1 to 3 months | 608,942 | 168,291 |
| Over 3 months | 432,408 | 224,501 |
| | 2,950,574 | 977,221 |

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

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

## NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

### 6.1 Trade Receivables (Continued)

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

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Opening balance | (3,141,666) | (2,750,520) |
| Charge for the period | (1,251,474) | (567,869) |
| Amounts collected during the period | 217,172 | 165,828 |
| Write offs | 1,131 | 10,895 |
| Closing balance | (4,174,837) | (3,141,666) |

The Group received guarantee letters amounting to TL 2,853,966 (31 December 2021: TL 1,290,343) and deposits and guarantees amounting to TL 4,834,531 (31 December 2021: TL 2,439,314) as collateral for its electricity receivables.

### 6.2 Trade Payables

| Current Trade Payables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade payables | 6,461,569 | 3,893,767 |
| Due to related parties (Note 5) | 310,732 | 87,373 |
| | 6,772,301 | 3,981,140 |

Trade payables mainly arise from the Group's electricity purchases from Türkiye Elektrik Üretim A.Ş. ("EÜAŞ") and Enerji Piyasaları İşletme A.Ş. ("EPİAŞ"). The average maturity of the payables related to electricity purchases is between 24 - 25 days.

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

## NOTE 7 - OTHER RECEIVABLES AND PAYABLES

### 7.1 Other Receivables

| Other Current Receivables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Income accruals (*) | 1,777,957 | 1,146,008 |
| Deposits and guarantees given | 15,203 | 10,802 |
| Receivables from personnel | 43 | 28 |
| Allowance for other doubtful receivables (-) | (3,123) | (3,123) |
| Other sundry receivables | 72,228 | 39,851 |
| | 1,862,308 | 1,193,566 |

| Other Non-Current Receivables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Deposits and guarantees given (**) | 839,467 | 449,925 |
| Income accruals (*) | 2,995,987 | - |
| Other sundry receivables (***) | 941,468 | 235,152 |
| | 4,776,922 | 685,077 |

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

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

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

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

## NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

### 7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Opening balance | (3,123) | (3,123) |
| Closing balance | (3,123) | (3,123) |

### 7.2 Other Payables

| Other Current Payables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Due to related parties (Note 5) | 2,425 | - |
| Deposits received (*) | 4,834,531 | 2,439,314 |
| Lighting payables | 49,236 | 43,236 |
| Other payables (**) | 482,852 | 405,652 |
| | 5,369,044 | 2,888,202 |

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

(**) Other payables mainly consist of payables to tax office and general tariff provisions.

## NOTE 8 – INVENTORIES

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Spare parts and equipments | 1,392,220 | 441,807 |
| Trade goods | 41,936 | 2,179 |
| Other inventories | 128,182 | 3,464 |
| | 1,562,338 | 447,450 |

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

### 9.1 Prepaid Expenses

| Short-term prepaid expenses | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Prepaid expenses | 117,281 | 41,242 |
| Inventory advances given | 266,291 | 20,010 |
| Personnel advances | 7,566 | 2,138 |
| Other advances given | 28,100 | 1,620 |
| | 419,238 | 65,010 |

| Long-term prepaid expenses | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Prepaid expenses | 15,327 | 3,828 |
| | 15,327 | 3,828 |

### 9.2 Deferred Income

| Short Term Deferred Income | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Deferred income | 12,923 | - |
| Advances received | 19,615 | 450 |
| | 32,538 | 450 |

| Long Term Deferred Income | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Deferred income (*) | - | 1,062,094 |
| | - | 1,062,094 |

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

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

## NOTE 10 - FINANCIAL ASSETS

| | Financial assets | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Within one year | 3,342,405 | 3,316,298 |
| 1-3 years | 8,303,887 | 5,753,839 |
| More than 3 years | 3,486,281 | 3,783,502 |
| | 15,132,573 | 12,853,639 |
| Current financial assets | 3,342,405 | 3,316,298 |
| Non - current financial assets | 11,790,168 | 9,537,341 |
| | 15,132,573 | 12,853,639 |

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Opening balance | 12,853,639 | 11,469,960 |
| Investments | 4,451,748 | 2,799,831 |
| Collections | (8,399,399) | (4,364,519) |
| *CAPEX reimbursements* | *(4,663,403)* | *(2,555,978)* |
| *WACC reimbursements* | *(3,735,996)* | *(1,808,541)* |
| Financial income from service concession arrangements (Note 19) | 6,225,734 | 2,950,583 |
| Reversal / (recognition) of impairment for financial assets | 851 | (2,216) |
| Closing balance | 15,132,573 | 12,853,639 |

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

## NOTE 11 - RIGHT OF USE ASSETS

| | Buildings | Motor vehicles | Total |
|---|---|---|---|
| Cost | | | |
| Opening balance as of 1 January 2022 | 121,719 | 402,292 | 524,011 |
| Additions | 37,784 | 227,398 | 265,182 |
| Changes for leasing conditions | - | 683 | 683 |
| Variable lease payment adjustments | 19,392 | - | 19,392 |
| Disposals | - | (449) | (449) |
| Closing balance as of 31 December 2022 | 178,895 | 629,924 | 808,819 |
| Accumulated Depreciation | | | |
| Opening balance as of 1 January 2022 | (63,489) | (204,326) | (267,815) |
| Charge for the period | (36,703) | (116,984) | (153,687) |
| Closing balance as of 31 December 2022 | (100,192) | (321,310) | (421,502) |
| Carrying value as of 31 December 2022 | 78,703 | 308,614 | 387,317 |

| | Buildings | Motor vehicles | Total |
|---|---|---|---|
| Cost | | | |
| Opening balance as of 1 January 2021 | 107,314 | 188,561 | 295,875 |
| Additions | 5,781 | 213,731 | 219,512 |
| Variable lease payment adjustments | 8,624 | - | 8,624 |
| Closing balance as of 31 December 2021 | 121,719 | 402,292 | 524,011 |
| Accumulated Depreciation | | | |
| Opening balance as of 1 January 2021 | (39,918) | (115,186) | (155,104) |
| Charge for the period | (23,571) | (89,140) | (112,711) |
| Closing balance as of 31 December 2021 | (63,489) | (204,326) | (267,815) |
| Carrying value as of 31 December 2021 | 58,230 | 197,966 | 256,196 |

Depreciation expense of TL 153,687 are accounted in general administrative expenses (31 December 2021: TL 112,711).

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

## NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS

| | Plant, machinery and equipment | Motor vehicles | Furniture and fixtures | Construction in progress | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Opening balance as of 1 January 2022 | 841,537 | 17,819 | 327,280 | 602,259 | 1,788,895 |
| Additions | 185,216 | 1,953 | 213,167 | 40,873 | 441,209 |
| Transfers from construction in progress (*) | - | - | - | (107,915) | (107,915) |
| Closing balance as of 31 December 2022 | 1,026,753 | 19,772 | 540,447 | 535,217 | 2,122,189 |
| Accumulated Depreciation | | | | | |
| Opening balance as of 1 January 2022 | (199,717) | (16,369) | (128,721) | - | (344,807) |
| Charge for the period | (78,033) | (2,366) | (62,978) | - | (143,377) |
| Closing balance as of 31 December 2022 | (277,750) | (18,735) | (191,699) | - | (488,184) |
| Carrying value as of 31 December 2022 | 749,003 | 1,037 | 348,748 | 535,217 | 1,634,005 |

| | Plant, machinery and equipment | Motor vehicles | Furniture and fixtures | Construction in progress | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Opening balance as of 1 January 2021 | 657,431 | 15,116 | 252,225 | 209,708 | 1,134,480 |
| Additions | 184,106 | 2,825 | 75,055 | 393,216 | 655,202 |
| Disposals | - | (122) | - | - | (122) |
| Transfers from construction in progress | - | - | - | (665) | (665) |
| Closing balance as of 31 December 2021 | 841,537 | 17,819 | 327,280 | 602,259 | 1,788,895 |
| Accumulated Depreciation | | | | | |
| Opening balance as of 1 January 2021 | (138,481) | (13,016) | (80,728) | - | (232,225) |
| Charge for the period | (61,236) | (3,353) | (47,993) | - | (112,582) |
| Closing balance as of 31 December 2021 | (199,717) | (16,369) | (128,721) | - | (344,807) |
| Carrying value as of 31 December 2021 | 641,820 | 1,450 | 198,559 | 602,259 | 1,444,088 |

(*) Transfers from construction in progress amounting to TL (107,915) are transfers to financial assets related to concession agreements.

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

Depreciation expense of TL 138,629 and TL 4,748 are accounted in general administrative expenses and cost of sales, respectively (31 December 2021: general administrative expenses: TL 108,033 and cost of sales: TL 4,549).

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

## NOTE 13 - INTANGIBLE ASSETS

| | Customer contracts and related relationships | Transfer of operating rights | Goodwill | Computer software | Leasehold improvements | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Opening balance as of 1 January 2022 | 4,390,673 | 1,650,121 | 2,730,031 | 226,937 | 4,973 | 49,588 | 9,052,323 |
| Additions | - | - | - | 142,850 | - | 324 | 143,174 |
| Closing balance as of 31 December 2022 | 4,390,673 | 1,650,121 | 2,730,031 | 369,787 | 4,973 | 49,912 | 9,195,497 |
| Accumulated Amortization | | | | | | | |
| Opening balance as of 1 January 2022 | (1,459,911) | (491,361) | (752,904) | (116,509) | (2,928) | (3,275) | (2,826,888) |
| Charge for the period | (152,108) | (56,555) | - | (59,108) | (1,071) | (2,669) | (271,511) |
| Closing balance as of 31 December 2022 | (1,612,019) | (547,916) | (752,904) | (175,617) | (3,999) | (5,944) | (3,098,399) |
| Carrying value as of 31 December 2022 | 2,778,654 | 1,102,205 | 1,977,127 | 194,170 | 974 | 43,968 | 6,097,098 |

| | Customer contracts and related relationships | Transfer of operating rights | Goodwill | Computer software | Leasehold improvements | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Opening balance as of 1 January 2021 | 4,390,673 | 1,650,121 | 2,730,031 | 153,073 | 4,973 | 7,758 | 8,936,629 |
| Additions | - | - | - | 73,199 | - | 41,830 | 115,029 |
| Transfers from construction in progress | - | - | - | 665 | - | - | 665 |
| Closing balance as of 31 December 2021 | 4,390,673 | 1,650,121 | 2,730,031 | 226,937 | 4,973 | 49,588 | 9,052,323 |
| Accumulated Amortization | | | | | | | |
| Opening balance as of 1 January 2021 | (1,307,803) | (434,806) | (752,904) | (79,267) | (1,855) | (2,958) | (2,579,593) |
| Charge for the period | (152,108) | (56,555) | - | (37,242) | (1,073) | (317) | (247,295) |
| Closing balance as of 31 December 2021 | (1,459,911) | (491,361) | (752,904) | (116,509) | (2,928) | (3,275) | (2,826,888) |
| Carrying value as of 31 December 2021 | 2,930,762 | 1,158,760 | 1,977,127 | 110,428 | 2,045 | 46,313 | 6,225,435 |

Amortization expense of TL 270,113 and TL 1,398 are accounted in general administrative expenses and cost of sales, respectively (31 December 2021: general administrative expenses: TL 246,443 and cost of sales: TL 852).

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

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

The Group recognized TL 45,787 under other intangible assets, in connection with E-şarj purchase price amounting to TL 46,447 (31 December 2021: TL 45,787 of TL 46,447).

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

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 13 - INTANGIBLE ASSETS (Continued)

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

As of 31 December 2022, there is no impairment on goodwill (31 December 2021: None).

## NOTE 14 - PROVISIONS

| Current Provisions | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Legal claims (*) | 370,944 | 292,753 |
| | 370,944 | 292,753 |

(*) Legal claims are set for the probable cash outflows related to the legal disputes. As of 31 December 2022, the provision amount for the legal claims are determined according to the assessment made by the Group management, considering the probability of legal cases that will be finalized against the Group.

The Group is charging the theft and loss costs to the subscribers in accordance with the tariff determined by EMRA. There are legal cases filed by the subscribers to claim back the theft and loss amounts from the Group claiming that they are unfair. Some cases are finalized against the Group while some others in favor of the Group at local courts and consumer arbitrage committees. In June of 2016, statement of "In applications filed in respect of the amounts determined by EMRA within the scope of income and tariff regulations, the authority of the consumer arbitration committees and the courts is limited to the control of compliance with the regulatory procedures of EMRA." has been added to article 17 of Law No. 6446. By this article, it has been determined that in the cases for the theft and loss amounts, the courts can only examine if the theft and loss amounts incurred in accordance with the regulations of the EMRA and it has been ruled that no judgement can be made whether the theft and loss amounts will be collected or not. As of reporting date, the total amount of ongoing cases against the Group is TL 559 (31 December 2021: TL 695).

Movements of provisions are as follows:

| | Other provisions | Legal claims | Total |
|---|---|---|---|
| Opening balance as of 1 January 2022 | - | 292,753 | 292,753 |
| Additional provisions recognized | - | 119,585 | 119,585 |
| Payments | - | (4,263) | (4,263) |
| Reversal of provisions | - | (37,131) | (37,131) |
| Closing balance as of 31 December 2022 | - | 370,944 | 370,944 |

| | Other provisions | Legal claims | Total |
|---|---|---|---|
| Opening balance as of 1 January 2021 | 11,708 | 287,416 | 299,124 |
| Additional provisions recognized | - | 50,085 | 50,085 |
| Reversal of provisions | (11,708) | (44,748) | (56,456) |
| Closing balance as of 31 December 2021 | - | 292,753 | 292,753 |

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

## NOTE 15 - COMMITMENT AND CONTINGENCIES

| 31 December 2022 | TL Equivalent | TL | USD | EUR |
|---|---|---|---|---|
| A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity | 4,959 | 4,959 | - | - |
| *- Collateral* | *4,959* | *4,959* | - | - |
| B. Total amount of CPM given against the subsidiaries included in full consolidation (*) | 5,832,959 | 4,648,032 | 62,261 | 1,041 |
| *- Collateral* | *5,832,959* | *4,648,032* | *62,261* | *1,041* |
| Total | 5,837,918 | 4,652,991 | 62,261 | 1,041 |

| 31 December 2021 | TL Equivalent | TL | USD | EUR |
|---|---|---|---|---|
| A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity | 7,747 | 7,747 | - | - |
| *- Collateral* | *7,747* | *7,747* | - | - |
| B. Total amount of CPM given against the subsidiaries included in full consolidation (*) | 3,165,843 | 2,808,310 | 26,337 | 430 |
| *- Collateral* | *3,165,843* | *2,808,310* | *26,337* | *430* |
| Total | 3,173,590 | 2,816,057 | 26,337 | 430 |

**(*)** Consists of collaterals, pledges and mortgages.

Mandatory investments

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

Energy Sales Agreements

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

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

## NOTE 16 - EMPLOYMENT BENEFITS

| **Payables Related to Employee benefits** | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Social security premiums payable | 143,497 | 35,761 |
| Payable to personnel | 93,845 | 46,051 |
| | 237,342 | 81,812 |

| **Short-term Provisions Related to Employee Benefits** | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Bonus provisions | 135,386 | 76,968 |
| | 135,386 | 76,968 |

| **Long-term Provisions Related to Employee Benefits** | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Provisions for unused vacation | 150,421 | 70,159 |
| Provision for employment termination benefits | 1,002,827 | 245,260 |
| | 1,153,248 | 315,419 |

The movement of bonus and unused vacation provisions are as follows:

| | Bonus provisions | Unused vacation provision | Total |
|---|---|---|---|
| Opening balance as of 1 January 2022 | 76,968 | 70,159 | 147,127 |
| Additional provisions recognized | 122,379 | 80,262 | 202,641 |
| Payments | (63,961) | - | (63,961) |
| Closing balance as of 31 December 2022 | 135,386 | 150,421 | 285,807 |

| | Bonus provisions | Unused vacation provision | Total |
|---|---|---|---|
| Opening balance as of 1 January 2021 | 46,423 | 55,656 | 102,079 |
| Additional provisions recognized | 72,809 | 14,503 | 87,312 |
| Payments | (42,264) | - | (42,264) |
| Closing balance as of 31 December 2021 | 76,968 | 70,159 | 147,127 |

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 16 - EMPLOYMENT BENEFITS (Continued)

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 15,371.40 (full digit) (31 December 2021: TL 8,284.51 (full digit)) for each period of service at 31 December 2022.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 *Employee Benefits* requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 10.40% and a discount rate of 10.62%, resulting in a real discount rate of approximately 0.20% (31 December 2021: inflation rate of 15.00% and a discount rate of 19.45%, resulting in a real discount rate of approximately 3.87%) Ceiling amount of TL 19,982.83 (full digit) which is in effect since 1 January 2023 is used in the calculation of Groups' provision for retirement pay liability (1 January 2022: TL 10,848.59 (full digit)).

Group management has assessed that the severance payment provisions of electricity distribution companies within the Group can be taken with the revenue requirement according to the changed tariff structure at third tariff period and has accounted accrued income for the severance payment provisions calculated for those companies as of 31 December 2022 and 31 December 2021.

The movement for retirement pay provisions is as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Opening balance | 245,260 | 168,523 |
| Service cost | 768,728 | 67,971 |
| Interest cost | 24,803 | 30,767 |
| Retirement payments | (35,964) | (22,001) |
| Closing balance | 1,002,827 | 245,260 |

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

## NOTE 17 - OTHER ASSETS AND LIABILITIES

### 17.1 Other Current Assets

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Deferred VAT | 32,036 | 47,243 |
| Other | 36,025 | 5,311 |
| | 68,061 | 52,554 |

### 17.2 Other Non-current Assets

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other | 5,213 | 4,936 |
| | 5,213 | 4,936 |

### 17.3 Other Current Liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Taxes and funds payable | 1,076,535 | 335,769 |
| Other | 960 | 8,886 |
| | 1,077,495 | 344,655 |

### 17.4 Other Non-Current Liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other Non-Current Liabilities | 1,726 | 2,716 |
| | 1,726 | 2,716 |

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

## NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

### 18.1 Share Capital

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| Shareholders | Share (%) | TL | Share (%) | TL |
| Hacı Ömer Sabancı Holding A.Ş. | 40 | 472,427.6 | 40 | 472,427.6 |
| DD Turkey Holdings S.A.R.L. (E.ON) | 40 | 472,427.6 | 40 | 472,427.6 |
| Other | 20 | 236,213.8 | 20 | 236,213.8 |
| | 100 | 1,181,069 | 100 | 1,181,069 |
| Share Premium (*) | | 1,775,976 | | 1,954,164 |
| Total share capital | | 2,957,045 | | 3,135,233 |

(*) Share premium, refers to the amount of registered capital as a capital reserve in the statutory capital after the merger and separation processes according to the legislation. This amount is classified as share premium to comply with TFRS requirements.

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

Share premiums amounting to TL 178,188 has been transferred to retained earnings and subject to dividend distribution (31 December 2021: TL 462,248).

As at 31 December 2022, the capital of the Company comprising 118,106,897 thousand (31 December 2021: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2021: TL 0.01 each).

### 18.2 Earnings per share

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

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Profit for the period | 14,498,093 | 2,282,368 |
| Weighted average shares | 118,106,896,712 | 118,106,896,712 |
| Earnings per share (kr) | 12.28 | 1.93 |

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

## NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

### 18.3 Restricted Profit Reserves

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Restricted Profit Reserves | 696,708 | 394,232 |
| | 696,708 | 394,232 |

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

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

## NOTE 19 - REVENUE

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Revenue from electricity sales and services provided | 77,929,527 | 29,839,512 |
| *Retail sales revenue* | *58,332,886* | *19,537,891* |
| *Regulated revenue* | *34,565,104* | *11,928,278* |
| *Liberalised revenue* | *23,767,782* | *7,609,613* |
| *Retail service revenue* | *1,009,623* | *599,147* |
| *Distribution lighting sales revenue* | *2,878,739* | *432,242* |
| *Distribution service revenue* | *9,182,134* | *4,933,451* |
| *Investment revenue* | *4,451,748* | *2,799,831* |
| *Transmission revenue* | *2,074,397* | *1,536,950* |
| Financial income from service concession arrangements (Note 10, 28) | 6,225,734 | 2,950,583 |
| Other revenue | 293,770 | 204,235 |
| | 84,449,031 | 32,994,330 |

## NOTE 20 - COST OF SALES

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Electricity purchases | (61,200,140) | (20,647,895) |
| *Retail energy purchases* | *(57,476,177)* | *(19,081,133)* |
| *Distribution related energy purchases (*)* | *(3,723,963)* | *(1,566,762)* |
| System usage fee (**) | (2,074,397) | (1,536,950) |
| Investment cost | (5,262,775) | (2,446,649) |
| Depreciation and amortization expenses (Note 12, 13) | (6,146) | (5,401) |
| Other | (77,392) | (75,608) |
| | (68,620,850) | (24,712,503) |

(*) Includes theft/loss and lighting related electricity purchases.
(**) Includes system usage costs reflected as transmission revenue.

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## NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| General administrative expenses (-) | (7,734,051) | (3,382,729) |
| | (7,734,051) | (3,382,729) |

Details of general administrative expenses are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Payroll and employee benefit expenses | (3,818,300) | (1,596,214) |
| Repair and maintenance expenses | (708,715) | (247,381) |
| Material expenses | (605,708) | (222,532) |
| Depreciation and amortization expenses (Note 11, 12, 13) | (562,429) | (467,187) |
| Fleet management expenses | (479,005) | (169,775) |
| Legal and lawsuit provision expenses | (243,661) | (70,333) |
| Duties, taxes and levies | (235,350) | (74,376) |
| Rent expenses | (156,867) | (76,702) |
| Outsourcing expenses | (127,921) | (78,511) |
| Consulting expenses | (99,728) | (34,022) |
| Insurance expenses | (83,570) | (48,480) |
| Travel expenses | (49,317) | (13,312) |
| Other expenses | (563,480) | (283,904) |
| | (7,734,051) | (3,382,729) |

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## NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

### 22.1 Other Income From Operating Activities

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Income from operational hedge transactions - net | 2,470,351 | 323,885 |
| Interest income related to tariff receivables - net (Note 28) (*) | 1,009,497 | 56,312 |
| Late payment interest income from electricity receivables | 451,542 | 213,924 |
| Power theft penalties | 316,411 | 135,249 |
| Rent and advertisement income | 23,382 | 20,000 |
| Lawsuit income | 1,947 | 8,778 |
| Cancellation of impairment provision on financial assets (Note 10) (**) | 851 | - |
| Other income | 209,943 | 73,823 |
| | 4,483,924 | 831,971 |

### 22.2 Other Expenses From Operating Activities

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Valuation differences arising from deposits and guarantees (Note 28) | (1,681,034) | (306,136) |
| Provision for doubtful receivables - net (Note 6) | (1,034,302) | (402,041) |
| Late payment interest expense | (803,985) | - |
| Foreign exchange losses from operating activities - net | (274,062) | (261,541) |
| Donations | (127,075) | (38,572) |
| Customer penalty expenses | (120,412) | (85,131) |
| Penalty expenses | (33,812) | (2,766) |
| Impairment provision on financial assets (Note 10) (**) | - | (2,216) |
| Other expenses | (155,365) | (118,075) |
| | (4,230,047) | (1,216,478) |

(*) Interest income related to tariff receivables are the interest income for the receivables arising from the difference between revenue requirement and cash basis revenue recognition of the Group.

(**) As of 31 December 2022, the Group has been recorded reversal of impairment provision of TL 851 for its financial assets, which had been recorded as at 31 December 2021 in the amount of TL (3,096) in accordance with the amendments in TFRS 9 Financial Instruments Standard (31 December 2021: (2,216) TL additional provision).

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 23 - FINANCE INCOME AND EXPENSES

### 23.1 Finance Income

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Interest income | 310,657 | 108,090 |
| | 310,657 | 108,090 |

### 23.2 Finance Expenses

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Interest expenses of borrowings | (3,851,554) | (1,377,257) |
| Foreign exchange gains / (losses) - net | (242,929) | (62,761) |
| Bank commission expenses | (117,557) | (39,549) |
| | (4,212,040) | (1,479,567) |

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 24 - TAX ASSETS AND LIABILITIES

| Current assets related with current taxes | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Prepaid taxes and funds | 442,940 | 187,648 |
| | 442,940 | 187,648 |

| Current tax liability | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Current corporate tax provision | 2,105,142 | 989,969 |
| Less: Prepaid taxes and funds | (203,352) | (896,814) |
| | 1,901,790 | 93,155 |

| Tax expense recognized in profit or loss | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Current tax expense | (2,483,504) | (989,969) |
| Deferred tax income relating to the origination and reversal of temporary differences, net | 12,534,973 | 129,223 |
| Total tax income / (expense) | 10,051,469 | (860,746) |

Corporate tax

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

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

Valid rate of corporate tax in 2022 is 23% (31 December 2021: 25%).

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

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on 20 January 2022, the application of inflation accounting was postponed starting from the balance sheet dated on 31 December 2023.

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

## NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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

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

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 10% (31 December 2021: 10%). Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred tax

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

In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate is determined for the profits related to their 2021 tax periods and as 23% corporate tax rate is determined for the profits related to their 2022 tax periods. Therefore, for deferred tax calculation as of 31 December 2022 20% tax rate is used for the current differences expected/expected to be incurred in 2023 and onwards.

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Deferred tax (asset) | (12,371,412) | (318,901) |
| Deferred tax liability | 774,789 | 1,504,908 |
| Deferred tax (asset) / liability, net | (11,596,623) | 1,186,007 |

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

**Movement of Deferred Tax Liabilities:**

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Opening balance | 1,186,007 | 1,004,953 |
| Charged to statement of profit or loss | (12,534,973) | (129,223) |
| Charged to other comprehensive income / expense | (247,657) | 310,277 |
| Closing balance | (11,596,623) | 1,186,007 |

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

## NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

| Deferred tax (assets) / liabilities | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Differences arising from customer contracts and transfer of operational rights | 775,237 | 816,969 |
| Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference | 497,901 | 428,839 |
| Revaluation effect of property, plant and equipment and intangible assets (*) | (10,835,353) | - |
| Carrying amount differences of right of use assets and lease liabilities | (22,869) | (12,661) |
| Provision for employment termination benefits | (22,851) | (4,649) |
| Provision for doubtful receivables | (34,735) | (29,760) |
| Provision for lawsuits | (73,134) | (59,538) |
| Provision for unused vacation | (29,497) | (15,484) |
| Effect of revenue cap adjustments | 346,008 | (239,751) |
| Carry forward tax losses | (444,387) | (403,375) |
| Income / (expense) accruals | (1,415,321) | 478,456 |
| Deposit revaluation | (396,674) | (131,541) |
| Derivative financial instruments | 35,451 | 334,178 |
| Other | 23,601 | 24,324 |
| | (11,596,623) | 1,186,007 |

| Tax Reconciliation: | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Profit from operations before tax | 4,446,624 | 3,143,114 |
| | 23% | 25% |
| Tax at the domestic income tax rate of 23% (2021: 25%) | 1,022,724 | 785,779 |
| Tax effects of: | | |
| - revenue that is exempt from taxation | (21,062) | (12,306) |
| - expenses that are not deductible in determining taxable profit | 104,338 | 39,644 |
| - revaluation effect of tangible and intangible assets (*) | (10,448,374) | - |
| - effect of deferred tax rate change | (700,436) | 72,781 |
| - other | (8,659) | (25,152) |
| Income tax (income) / expense recognised in profit or loss | (10,051,469) | 860,746 |

(*) With Law No. 7338 published in the Official Gazette on 26 October 2021, some amendments have been made in tax procedure law as of 1 January 2022. With those amendments, the opportunity to revalue the properties and depreciable economic assets was introduced. These assets, which are covered by the provisional article 32 of the law, will be valued with the Producer Price Index ("PPI") rate and tax, calculated 2% of valuation difference, paid in 3 instalments (at two-month intervals).

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

(*) The assets, which are covered by the reiterated article 298 of the law, will be revalued with the revaluation rate announced in the relevant year and no additional tax will paid for the valuation difference. For revalued assets, the valuation difference can be depreciated and written off as an expense. Within the scope of the law amendment, deferred tax asset has been recognised in the statement of financial position based on the revaluation records for fixed assets in the legal book, and the deferred tax income related to this asset has been recorded in the consolidated statement of profit or loss.

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

At 31 December 2022, the Group recognized deferred tax assets amounting to TL 444,387 for unused carry forward tax losses amounting to TL 2,221,936 since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilise such assets based on the forecasts made (31 December 2021: TL 403,375 and TL 2,016,874 respectively).

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

| | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| Expiring in 2022 | - | 255 |
| Expiring in 2023 | - | 184,835 |
| Expiring in 2024 | 544,192 | 356,841 |
| Expiring in 2025 | 513,967 | 513,306 |
| Expiring in 2026 | 485,577 | 961,637 |
| Expiring in 2027 | 678,200 | - |
| | 2,221,936 | 2,016,874 |

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

| | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| Expiring in 2023 | 564,866 | 381,702 |
| Expiring in 2024 | - | 186,989 |
| | 564,866 | 568,691 |

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## NOTE 25 - FINANCIAL INSTRUMENTS

### 25.1 Financial Liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Short-term borrowings | 8,181,288 | 1,040,267 |
| Short-term portion of long term lease liabilities | 180,143 | 114,711 |
| Short-term portion of long term bonds issued | 2,811,521 | 677,098 |
| Short-term portion of long-term borrowings | 3,998,400 | 4,503,061 |
| | 15,171,352 | 6,335,137 |
| Long-term borrowings | 1,609,908 | 2,721,771 |
| Long-term lease liabilities | 258,561 | 173,609 |
| Long-term bonds issued | 2,055,192 | 1,485,703 |
| | 3,923,661 | 4,381,083 |
| Total financial liabilities | 19,095,013 | 10,716,220 |

The borrowings and bonds issued are repayable as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| To be paid within 1 year | 14,991,209 | 6,220,426 |
| To be paid between 1-2 years | 2,656,227 | 3,745,104 |
| To be paid between 2-3 years | 320,352 | 371,526 |
| To be paid between 3-4 years | 229,507 | 90,844 |
| To be paid between 4-5 years | 229,507 | - |
| To be paid between 5+ years | 229,507 | - |
| | 18,656,309 | 10,427,900 |

As of 31 December 2022 and 31 December 2021, the Group has not given any collateral for the loans obtained.

As of 31 December 2022 and 31 December 2021, the movement of loans and bonds are as follows:

| | Borrowings and Bonds issued |
|---|---|
| Opening balance as of 1 January 2022 | 10,427,900 |
| Additions | 36,711,811 |
| Payments | (28,671,926) |
| Change in interest accruals | 222,655 |
| Foreign exchange movements | (34,131) |
| Closing balance as of 31 December 2022 | 18,656,309 |

| | Borrowings and Bonds issued |
|---|---|
| Opening balance as of 1 January 2021 | 9,599,028 |
| Additions | 16,479,807 |
| Payments | (15,562,845) |
| Change in interest accruals | (174,658) |
| Foreign exchange movements | 86,568 |
| Closing balance as of 31 December 2021 | 10,427,900 |

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## NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

### 25.1 Financial Liabilities (Continued)

As of 31 December 2022 and 31 December 2021, details of short and long term financial borrowings in terms of interest and currencies are as follows:

| Currency | Weighted average effective interest rate | 31 December 2022 Current | 31 December 2022 Non-current |
|---|---|---|---|
| TL | | 12,179,688 | 1,609,908 |
| *Overnight* | *18.00%* | *268,000* | - |
| *Fixed rate* | *21.87%* | *10,393,261* | - |
| *TLREF indexed* | *TLREF + 1.70%-23.00%* | *1,518,427* | *1,609,908* |
| | | 12,179,688 | 1,609,908 |

| Currency | Weighted average effective interest rate | 31 December 2021 Current | 31 December 2021 Non-current |
|---|---|---|---|
| TL | | 5,329,731 | 2,721,771 |
| Overnight | *27.39%* | *682,574* | - |
| *Fixed rate* | *9.50%* | *4,184,548* | *1,307,094* |
| *TLREF indexed* | *TLREF + 1.55%-2.40%* | *462,609* | *1,414,677* |
| EUR (*) | 2.10% | 213,597 | - |
| | | 5,543,328 | 2,721,771 |

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

As of 31 December 2022 and 31 December 2021, details of bonds issued are as follows:

| Currency | Weighted average effective interest rate (*) | 31 December 2022 Current | 31 December 2022 Non-current |
|---|---|---|---|
| TL | | 2,811,521 | 2,055,192 |
| *Fixed rate* | 32% | *953,906* | - |
| *CPI indexed* | *CPI + 5.0%* | *536,680* | - |
| *TLREF indexed* | *TLREF + 1.40% -16%* | *1,320,935* | *2,055,192* |
| | | 2,811,521 | 2,055,192 |

| Currency | Weighted average effective interest rate (*) | 31 December 2021 Current | 31 December 2021 Non-current |
|---|---|---|---|
| TL | | 677,098 | 1,485,703 |
| *CPI indexed* | *CPI + 4.8%-5.0%* | *647,044* | *285,703* |
| *TLREF indexed* | *TLREF + 1.40%* | *30,054* | *1,200,000* |
| | | 677,098 | 1,485,703 |

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

## NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

### 25.1 Financial Liabilities (Continued)

As of 31 December 2022, the principal valuation of bonds is TL 367,836 (31 December 2021: TL 418,430).

The fair values of the financial liabilities with fixed interests are presented by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates. Fair values of the borrowings are lower than their carrying amounts amounting to TL 6,967 as of 31 December 2022 (31 December 2021: TL 11,462 higher).

As of 31 December 2022, Group has fulfilled its financial debt covenants arising from its borrowings.

As of 31 December 2022 and 31 December 2021, details of lease liabilities are as follows:

| Short-term portion of long term lease liabilities | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Buildings | 33,798 | 26,061 |
| Vehicles | 146,345 | 88,650 |
| | 180,143 | 114,711 |

| Long-term lease liabilities | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Buildings | 59,698 | 43,416 |
| Vehicles | 198,863 | 130,193 |
| | 258,561 | 173,609 |

The lease liabilities are repayable as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| To be paid within 1 year | 180,143 | 114,711 |
| To be paid between 1-2 years | 155,361 | 103,789 |
| To be paid between 2-3 years | 82,896 | 62,328 |
| To be paid between 3-4 years | 8,785 | 6,970 |
| To be paid between 4-5 years | 5,996 | 429 |
| To be paid after 5 years and over | 5,523 | 93 |
| | 438,704 | 288,320 |

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

## NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

### 25.1 Financial Liabilities (Continued)

As of 31 December 2022 and 31 December 2021, the movement of lease liabilities is as follows:

| | Buildings | Vehicles | Total |
|---|---|---|---|
| Opening balance as of 1 January 2022 | 69,477 | 218,843 | 288,320 |
| Additions | 37,784 | 227,398 | 265,182 |
| Interest expense | 16,558 | 57,951 | 74,509 |
| Changes for leasing conditions | - | 683 | 683 |
| Variable lease payment adjustments | 19,392 | - | 19,392 |
| Payments | (49,715) | (158,818) | (208,533) |
| Foreign exchange movements | - | (849) | (849) |
| Closing balance as of 31 December 2022 | 93,496 | 345,208 | 438,704 |

| | Buildings | Vehicles | Total |
|---|---|---|---|
| Opening balance as of 1 January 2021 | 76,413 | 86,859 | 163,272 |
| Additions | 6,522 | 212,990 | 219,512 |
| Interest expense | 13,128 | 32,332 | 45,460 |
| Variable lease payment adjustments | 8,624 | - | 8,624 |
| Payments | (35,210) | (113,434) | (148,644) |
| Foreign exchange movements | - | 96 | 96 |
| Closing balance as of 31 December 2021 | 69,477 | 218,843 | 288,320 |

### 25.2 Other Financial Liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other current financial liabilities | 82,688 | 118,387 |
| Other non-current financial liabilities | 509,087 | 457,604 |
| | 591,775 | 575,991 |

The other financial liabilities are repayable as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| To be paid within 1 year | 82,688 | 118,387 |
| To be paid between 1-2 years | 79,450 | 63,405 |
| To be paid between 2-3 years | 79,594 | 60,058 |
| To be paid between 3-4 years | 91,180 | 68,799 |
| To be paid between 4-5 years | 94,022 | 71,807 |
| To be paid after 5 years and over | 164,841 | 193,535 |
| | 591,775 | 575,991 |

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

## NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

### 25.2 Other Financial Liabilities (Continued)

As of 31 December 2022 and 31 December 2021, details of short and long term other financial liabilities in terms of currencies are as follows:

| Currency | Weighted average effective interest rate | 31 December 2022 Current | Non-current |
|---|---|---|---|
| EUR | 4.70% | 82,688 | 509,087 |
| | | 82,688 | 509,087 |

| Currency | Weighted average effective interest rate | 31 December 2021 Current | Non-current |
|---|---|---|---|
| EUR | 4.70% | 118,387 | 457,604 |
| | | 118,387 | 457,604 |

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

As of 31 December 2022 and 31 December 2021, the movement of other financial liabilities is as follows:

| | Other Financial Liabilities |
|---|---|
| Opening balance as of 1 January 2022 | 575,991 |
| Additions | 34,891 |
| Foreign exchange movements | (19,107) |
| Closing balance as of 31 December 2022 | 591,775 |

| | Other Financial Liabilities |
|---|---|
| Opening balance as of 1 January 2021 | 409,126 |
| Payments | (45,377) |
| Foreign exchange movements | 212,242 |
| Closing balance as of 31 December 2021 | 575,991 |

Net debt position of the Group as of 31 December 2022 and 31 December 2021 are disclosed in Note 27.1.

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

## NOTE 26 - DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases, unit price investments and foreign currency denominated other financial liabilities. Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loan, the Group entered foreign currency swap transaction. The details and fair values of the agreements as of 31 December 2022 and 31 December 2021 are as follows:

| | 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Contract Amount (USD) | Contract Amount (EUR) | Contract Amount (TL) | Assets | Liabilities |
| Forward exchanges | 224,194 | 51,115 | 5,211,014 | 246,250 | (102,960) |
| | 224,194 | 51,115 | 5,211,014 | 246,250 | (102,960) |

| | 31 December 2021 | | | | |
|---|---|---|---|---|---|
| | Contract Amount (USD) | Contract Amount (EUR) | Contract Amount (TL) | Assets | Liabilities |
| Forward exchanges | 389,557 | 36,808 | 5,747,717 | 1,543,676 | (46,136) |
| Foreign exchange swap | - | 14,300 | 215,741 | 66,840 | - |
| | 389,557 | 51,108 | 5,963,458 | 1,610,516 | (46,136) |

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 27.1 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves.

The Group management considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through new share issues, and by issue of new debt or the redemption of existing debt.

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Total borrowings (Note 25) | 19,686,788 | 11,292,211 |
| Less: cash and cash equivalents (Note 28) | (8,370,987) | (411,992) |
| Less: derivative instruments (Note 26) | (143,290) | (1,564,380) |
| Net debt | 11,172,511 | 9,315,839 |
| Total equity | 21,572,246 | 9,351,022 |
| Total capital | 32,744,757 | 18,666,861 |
| Net debt / Total capital ratio (%) | 34 | 50 |

### 27.2 Financial risk factors

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

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

*27.2.1 Credit risk management*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risks mainly arise from trade receivables. The Group manages this risk by the guarantees received from customers. Trade receivables, are evaluated based on the Group's policies and procedures and as a result presented net of doubtful provision in the consolidated financial statements. In accordance with the requirements of TFRS 9 introducing a new impairment model based on expected credit losses, the Group has modified impairment calculation method for trade receivables. The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables excluding distribution segment on each customer basis and including non-overdue receivables.

Trade receivables consist of a large number of customers, spread across diverse industries within several different provinces. Credit risk of the financial instruments is as the follows:

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.1 Credit risk management (Continued)*

### Credit risk exposure based on financial instrument categories

| | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade receivables | | Other receivables | | | | |
| | | | Current | Non-current | | | |
| **31 December 2022** | **Related party** | **Other** | **Other** | **Other** | **Bank deposits** | **Financial assets excluding cash** | **Derivatives** |
| Maximum net credit risk as of the balance sheet date (*) | 60,964 | 5,735,644 | 1,862,308 | 4,776,922 | 8,370,987 | 15,132,573 | 246,250 |
| The part of maximum risk under guarantee | - | 5,735,644 | - | - | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired (**) | 60,964 | 2,785,070 | 1,862,308 | 4,776,922 | 8,370,987 | 15,132,573 | 246,250 |
| B. Net book value of financial assets that are due but not impaired (**) | - | 2,950,574 | - | - | - | - | - |
| C. Net book value of impaired assets | - | - | - | - | - | - | - |
| - Past due (gross book value) | - | 3,980,354 | 3,123 | - | - | - | - |
| - Impairment (-) | - | (3,980,354) | (3,123) | - | - | - | - |
| - Not due (gross book value) | - | 194,483 | - | - | - | - | - |
| - Impairment (-) | - | (194,483) | - | - | - | - | - |
| D. Credit risk factors off balance sheet | - | - | - | - | - | - | - |

### Maturity of Expected Credit Loss

| **31 December 2022** | **Not due** | **Overdue Up to 1 months** | **Overdue 1-3 months** | **Overdue more than 3 months** | **Total** |
|---|---|---|---|---|---|
| Balance at period end | 1,210,492 | 1,292,443 | 508,400 | 1,076,990 | 4,088,325 |
| Credit loss rate (%) | 7% | 5% | 16% | 70% | 24% |
| Expected credit losses | (86,011) | (68,998) | (78,912) | (749,011) | (982,932) |

(*) The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.

(**)Amounts excluding the distribution segment are subject to impairment within the scope of TFRS 9. The maturity of expected credit losses is given in the table above. Unlawful and illegal usage receivables amounting to TL 320,795 and general lighting receivables amounting to TL 1,461,953, which are not insured within the amount related to the distribution segment are guaranteed by the Ministry of Energy, Ministry of Finance and Iller Bank in line with the Electricity Market Law, Electricity Market Tariff Regulation and other relevant regulatory arrangements.

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.1 Credit risk management (Continued)*

### Credit risk exposure based on financial instrument categories (Continued)

| | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade receivables | | Other receivables | | | | |
| | | | Current | Non-current | | | |
| 31 December 2021 | Related party | Other | Other | Other | Bank deposits | Financial assets excluding cash | Derivatives |
| Maximum net credit risk as of the balance sheet date (*) | 34,942 | 5,537,863 | 1,193,566 | 685,077 | 411,992 | 12,853,639 | 1,610,516 |
| The part of maximum risk under guarantee | - | 3,729,657 | - | - | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired (**) | 34,942 | 4,560,642 | 1,193,566 | 685,077 | 411,992 | 12,853,639 | 1,610,516 |
| B. Net book value of financial assets that are due but not impaired (**) | - | 977,221 | - | - | - | - | - |
| C. Net book value of impaired assets | - | - | - | - | - | - | - |
| - Past due (gross book value) | - | 3,010,235 | 3,123 | - | - | - | - |
| - Impairment (-) | - | (3,010,235) | (3,123) | - | - | - | - |
| - Not due (gross book value) | - | 131,431 | - | - | - | - | - |
| - Impairment (-) | - | (131,431) | - | - | - | - | - |
| D. Credit risk factors off balance sheet | | - | | | | | |

### Maturity of Expected Credit Loss

| 31 December 2021 | Not due | Overdue Up to 1 months | Overdue 1-3 months | Overdue more than 3 months | Total |
|---|---|---|---|---|---|
| Balance at period end | 3,240,213 | 438,133 | 165,845 | 889,191 | 4,733,382 |
| Credit loss rate (%) | 2% | 7% | 31% | 81% | 18% |
| Expected credit losses | (66,957) | (30,980) | (51,961) | (721,862) | (871,760) |

(*) The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.

(**)Amounts excluding the distribution segment are subject to impairment within the scope of TFRS 9. The maturity of expected credit losses is given in the table above. Unlawful and illegal usage receivables amounting to TL 165,229 and general lighting receivables amounting to TL 304,697, which are not insured within the amount related to the distribution segment are guaranteed by the Ministry of Energy, Ministry of Finance and Iller Bank in line with the Electricity Market Law, Electricity Market Tariff Regulation and other relevant regulatory arrangements.

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.2 Liquidity risk management*

The Group aims to maintain an appropriate liquidity risk management framework for the Group's short and long-term funding and liquidity management requirements.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2022 and 31 December 2021 are as follows:

**31 December 2022**

| Maturity analysis of non-derivative financial liabilities | Carrying value | Total cash outflow according to contract (I+II+III+IV) | Payable on demand (I) | Less than 3 months (II) | 3-12 months (III) | 1-5 years (IV) | More than 5 years (V) |
|---|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | | |
| Financial liabilities | 19,095,013 | 27,499,179 | - | 8,648,634 | 10,411,752 | 8,037,042 | 401,751 |
| Trade payables | 6,772,301 | 6,772,301 | - | 6,772,301 | - | - | - |
| Other payables | 5,369,044 | 5,369,044 | 4,834,531 | 534,513 | - | - | - |
| Other financial liabilities | 591,775 | 591,775 | - | 17,908 | 64,780 | 344,246 | 164,841 |
| Total liabilities | 31,828,133 | 40,232,299 | 4,834,531 | 15,973,356 | 10,476,532 | 8,381,288 | 566,592 |

**31 December 2021**

| Maturity analysis of non-derivative financial liabilities | Carrying value | Total cash outflow according to contract (I+II+III+IV) | Payable on demand (I) | Less than 3 months (II) | 3-12 months (III) | 1-5 years (IV) | More than 5 years (V) |
|---|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | | |
| Financial liabilities | 10,716,220 | 15,254,722 | - | 4,056,426 | 4,284,329 | 6,913,528 | 439 |
| Trade payables | 3,981,140 | 3,981,140 | - | 3,981,140 | - | - | - |
| Other payables | 2,888,202 | 2,888,202 | 2,439,314 | 448,888 | - | - | - |
| Other financial liabilities | 575,991 | 575,991 | - | 41,794 | 76,593 | 264,069 | 193,535 |
| Total liabilities | 18,161,553 | 22,700,055 | 2,439,314 | 8,528,248 | 4,360,922 | 7,177,597 | 193,974 |

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.3 Market risk management*

*27.2.3.1 Foreign currency risk management*

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

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

| | 31 December 2022 | | |
|---|---|---|---|
| | **Total TL equivalent** | **USD TL equivalent** | **EUR TL equivalent** |
| Cash and cash equivalents | 321,748 | 289,992 | 31,756 |
| Trade receivables | 12,464 | 6,862 | 5,602 |
| **Total assets** | **334,212** | **296,854** | **37,358** |
| Other financial liabilities | (591,775) | - | (591,775) |
| Trade payables | (2,009,186) | (1,803,367) | (205,819) |
| Other payables | (16,535) | - | (16,535) |
| **Total liabilities** | **(2,617,496)** | **(1,803,367)** | **(814,129)** |
| Net foreign currency asset position of off-balance sheet derivative | 1,215,580 | 444,384 | 771,196 |
| **Net foreign currency asset / (liability) position** | **(1,067,704)** | **(1,062,129)** | **(5,575)** |
| Cash flow hedging (**) | 3,995,434 | 3,747,663 | 247,771 |
| **Net foreign currency position after cash flow hedging** | **2,927,730** | **2,685,534** | **242,196** |

(*) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, unit price investments and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost, unit price investments and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 3,995,434 is included at cash flow hedging in the foreign currency position table.

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.3 Market risk management (Continued)*

*27.2.3.1 Foreign currency risk management (Continued)*

| | | 31 December 2021 | |
|---|---|---|---|
| | **Total** | **USD** | **EUR** |
| | **TL equivalent** | **TL equivalent** | **TL equivalent** |
| Cash and cash equivalents | 212,389 | 174,250 | 38,139 |
| Trade receivables | 10,367 | 5,238 | 5,129 |
| **Total assets** | **222,756** | **179,488** | **43,268** |
| Financial liabilities (*) | (213,597) | - | (213,597) |
| Other financial liabilities | (575,991) | - | (575,991) |
| Trade payables | (675,513) | (571,348) | (104,165) |
| **Total liabilities** | **(1,465,101)** | **(571,348)** | **(893,753)** |
| Net foreign currency asset position of off-balance sheet derivative | 1,184,172 | 413,119 | 771,053 |
| **Net foreign currency asset / (liability) position** | **(58,173)** | **21,259** | **(79,432)** |
| Cash flow hedging (**) | 4,779,286 | 4,779,286 | - |
| **Net foreign currency position after cash flow hedging** | **4,721,113** | **4,800,545** | **(79,432)** |

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

(**) Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 4,779,286 is included at cash flow hedging in the foreign currency position table.

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

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

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.3 Market risk management (Continued)*

*27.2.3.1 Foreign currency risk management (Continued)*

| | 1 January - 31 December 2022 | | | |
|---|---|---|---|---|
| | Profit / Loss | | Other Comprehensive Income and Expense | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Change in USD against TL by 10% | | | | |
| USD net assets / liabilities | (150,651) | 150,651 | - | - |
| Hedged items (-) | 44,438 | (44,438) | 374,766 | (374,766) |
| **USD net effect** | **(106,213)** | **106,213** | **374,766** | **(374,766)** |
| Change in EUR against TL by 10% | | | | |
| EUR net assets / liabilities | (77,677) | 77,677 | - | - |
| Hedged items (-) | 77,120 | (77,120) | 24,777 | (24,777) |
| **EUR net effect** | **(557)** | **557** | **24,777** | **(24,777)** |

| | 1 January - 31 December 2021 | | | |
|---|---|---|---|---|
| | Profit / Loss | | Other Comprehensive Income and Expense | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Change in USD against TL by 10% | | | | |
| USD net assets / liabilities | (39,186) | 39,186 | - | - |
| Hedged items (-) | 41,312 | (41,312) | 477,929 | (477,929) |
| **USD net effect** | **2,126** | **(2,126)** | **477,929** | **(477,929)** |
| Change in EUR against TL by 10% | | | | |
| EUR net assets / liabilities | (85,049) | 85,049 | - | - |
| Hedged items (-) | 77,105 | (77,105) | - | - |
| **EUR net effect** | **(7,944)** | **7,944** | **-** | **-** |

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.3 Market risk management (Continued)*

*27.2.3.2 Interest rate risk management*

As of 31 December 2022 and 31 December 2021, the Group has no floating interest rate risk although the Group has CPI indexed bond obligation since the revenues under the concession agreement are also indexed to CPI.

As of 31 December 2022, the Group has TLREF indexed loans and bond with floating interest rate risk. Interest rate risk arising from those loans are managed through perpetually monitoring and analyzing market interest rates and carrying out sensitivity analysis for interest rate changes in order to monitor possible cost changes within the scope of risk management activities.

*Fair value of financial instruments*

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

Categories of financial instruments and fair values

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

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

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

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

The fair values of the financial liabilities with fixed interests are presented by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates. Fair values of the borrowings are lower than their carrying amounts amounting to TL 6,967 as of 31 December 2022 (31 December 2021: TL 11,462 higher).

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

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

## NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 27.2 Financial risk factors (Continued)

*27.2.3 Market risk management (Continued)*

*27.2.3.2 Interest rate risk management (Continued)*

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

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

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

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

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

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

| **Financial assets / (Financial liabilities)** | **Fair value / revalued amount** | | **Fair value hierarchy** |
|---|---|---|---|
| | **31 December 2022** | **31 December 2021** | |
| Derivative financial instruments | 143,290 | 1,564,380 | Level 2 |

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Cash at banks | 8,370,987 | 411,992 |
| *Demand deposits* | *487,614* | *193,317* |
| *Time deposits* | *7,883,373* | *218,675* |
| | 8,370,987 | 411,992 |

As at 31 December 2022, TL 440,385 of the Group's demand deposits are blocked at different banks (31 December 2021: TL 122,917). These blocked deposits are related to the collections made through bank branches which are made available for use by banks 1 or 2 days after the collection depending on the agreements with related banks.

As at 31 December 2022 time deposits consist of short term TL 7,610,376 and USD 14,600 balances (31 December 2021: TL 69,390 and USD 11,200) with maturities between 2 - 90 days (31 December 2021: 3 - 5 days). The weighted average effective interest rates of TL and USD time deposits are 24.13% and 1.30% respectively as at 31 December 2022 (31 December 2021: weighted average effective interest rate 20.94% and 0.60% respectively).

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

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Adjustments related to interest (income) / expense from tariff receivables (Note 22) | (1,009,497) | (56,312) |
| Adjustments related to financial income from service concession arrangements (Note 10, 19) | (6,225,734) | (2,950,583) |
| Adjustments related to revaluation differences arising from deposits (Note 22) | 1,681,034 | 306,136 |
| | (5,554,197) | (2,700,759) |

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

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Net collections from financial assets related to service concession arrangements | 8,399,399 | 4,364,519 |
| *Capital expenditures reimbursements (Note 10)* | *4,663,403* | *2,555,978* |
| *WACC reimbursements (Note 10)* | *3,735,996* | *1,808,541* |
| Collections from doubtful trade receivable (Note 6) | 217,172 | 165,828 |
| | 8,616,571 | 4,530,347 |

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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## NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

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

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Capital expenditures related to service concession arrangements | (5,313,144) | (2,749,691) |
| | (5,313,144) | (2,749,691) |

## NOT 29 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT COMPANY

The Group's explanation regarding the fees for the services rendered by the independent audit firm, which is prepared based on the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA)'s Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of POA dated 19 August 2021 are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Audit services | 2,347 | 1,220 |
| Other assurance services | 51 | 72 |
| | 2,398 | 1,292 |

Fees are determined by including all subsidiaries' statutory audit and other related service fees.

## NOTE 30 - EVENTS AFTER THE REPORTING DATE

- The Group has made bond issuance on 27 January 2023, amounting to TL 2,500,000,000 (full digit), with 397 days term, fixed interest with 32.5% rate, redemption date of 28 February 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. The Group'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. The Group 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 the Group's ability to continue its operations. Group management has evaluated this situation as a non-adjusting subsequent event that does not require adjustment in its consolidated financial statements.