

**ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ**  
**AND ITS SUBSIDIARIES**

Condensed Consolidated Interim Financial Statements  
As at and for the Nine-month Period Ended  
30 September 2021  
With Independent Auditor's Report on Review of  
Condensed Consolidated Interim  
Financial Statements

3 January 2022

This report includes 2 pages of Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements and 45 pages of condensed consolidated interim financial statements together with their explanatory notes.

## **ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ**

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## **Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements**

To the Board of Directors of Zorlu Enerji Elektrik Üretim Anonim Şirketi

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Zorlu Enerji Elektrik Üretim Anonim Şirketi ("the Company") and its subsidiaries (the "Group") as at 30 September 2021, condensed consolidated statement of profit or loss and condensed consolidated statement other comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 September 2021 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

A handwritten signature in black ink, appearing to be 'Şirin Soysal', written in a cursive style.

Şirin Soysal, SMMM  
Partner  
3 January 2022  
Istanbul, Turkey

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	30 September 2021	31 December 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	962,520	728,314
Financial assets		264,048	258,578
Trade receivables		2,023,395	1,423,992
- Trade receivables from third parties		1,929,610	1,364,255
- Trade receivables from related parties	17	93,785	59,737
Other receivables		1,098,965	983,066
- Other receivables from third parties		36,079	46,713
- Other receivables from related parties	17	1,062,886	936,353
Receivables from service concession arrangements	5	475,275	349,605
Derivative financial instruments	12	--	3,749
Inventories		164,216	131,166
Other current assets	8	169,909	169,124
<b>Total current assets</b>		<b>5,158,328</b>	<b>4,047,594</b>
<b>Non-current assets:</b>			
Trade receivables		28,708	43,287
- Trade receivables from third parties		28,708	43,287
Financial assets		246	246
Other receivables		1,636,561	1,360,233
- Other receivables from third parties		177	134
- Other receivables from related parties	17	1,636,384	1,360,099
Receivables from service concession arrangements	5	2,471,986	2,534,191
Contract assets		219,737	79,639
- Other contract assets	10	219,737	79,639
Equity accounted investees		784,817	681,368
Property, plant and equipment	9	10,572,141	10,515,674
Intangible assets		2,769,715	2,872,163
Right of use assets		88,269	36,003
Deferred tax assets		561,806	494,245
Other non-current assets	8	2,122	13,487
<b>Total non-current assets</b>		<b>19,136,108</b>	<b>18,630,536</b>
<b>Total assets</b>		<b>24,294,436</b>	<b>22,678,130</b>

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

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	30 September 2021	31 December 2020
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Financial liabilities	6	5,169,905	4,490,077
Trade payables		1,155,383	1,814,581
- Trade payables due to third parties		1,099,678	1,760,557
- Trade payables due to related parties	17	55,705	54,024
Other payables		1,147,047	1,334,410
- Other payables due to third parties	7	1,143,218	966,412
- Other payables due to related parties	7,17	3,829	367,998
Derivative financial instruments	12	81,195	83,856
Current tax liabilities		64,589	56,489
Other provisions		12,822	13,817
Other current liabilities	8	268,778	234,620
<b>Total current liabilities</b>		<b>7,899,719</b>	<b>8,027,850</b>
<b>Non-current liabilities:</b>			
Financial liabilities	6	12,276,331	10,053,106
Derivative financial instruments	12	147,870	243,452
Deferred tax liabilities		718,056	939,565
Provisions for employment benefits		59,362	44,000
Other non-current liabilities		949	--
<b>Total non-current liabilities</b>		<b>13,202,568</b>	<b>11,280,123</b>
<b>Total liabilities</b>		<b>21,102,287</b>	<b>19,307,973</b>
<b>EQUITY</b>			
Share capital	13	2,610,948	2,110,948
Other comprehensive income/ (expenses) not to be reclassified to profit or (loss)		4,385,423	4,570,676
- Revaluation of property, plant and equipment		4,404,378	4,583,615
- Actuarial losses		(18,955)	(12,939)
Share premium		1,448	916
Legal reserves	13	7,931	7,931
Other comprehensive income that are or may be reclassified to profit or (loss)		(4,658,531)	(3,858,376)
- Hedge reserves		(4,658,531)	(3,858,376)
Currency translation adjustment		791,777	590,369
Retained earnings		106,010	6,485
<b>Equity attributable to owners of the Company</b>		<b>3,245,006</b>	<b>3,428,949</b>
<b>Non-controlling interests</b>		<b>(52,857)</b>	<b>(58,792)</b>
<b>Total equity</b>		<b>3,192,149</b>	<b>3,370,157</b>
<b>Total liabilities and equity</b>		<b>24,294,436</b>	<b>22,678,130</b>

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

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	1 January - 30 September 2021	1 January - 30 September 2020
Revenue		7,428,134	5,995,896
Cost of sales (-)	14	(5,951,622)	(4,811,009)
<b>Gross profit</b>		<b>1,476,512</b>	<b>1,184,887</b>
General and administrative expenses (-)	14	(250,758)	(190,786)
Marketing and selling expenses (-)	14	(27,527)	(28,986)
Other income	15	850,318	572,931
Other expense (-)	15	(399,167)	(246,871)
<b>Operating income</b>		<b>1,649,378</b>	<b>1,291,175</b>
Share of gain on equity accounted investees		25,749	58,742
Financial income	16	886,697	1,029,852
Financial expense (-)	16	(2,670,738)	(2,259,917)
<b>(Loss) / income before taxation</b>		<b>(108,914)</b>	<b>119,852</b>
Current income tax expense (-)		(115,160)	(79,376)
Deferred tax income		92,731	(44,840)
<b>Loss for the period</b>		<b>(131,343)</b>	<b>(4,364)</b>
<b>(Loss) / income attributable to:</b>			
Equity holders of the parent		(100,528)	35,258
Non-controlling interest		(30,815)	(39,622)
(Loss) / income per share (TL)		(0.049)	0.018

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

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

Notes	1 January - 30 September 2021	1 January - 30 September 2020
<b>Loss for the period</b>	<b>(131,343)</b>	<b>(4,364)</b>
<b>Items that will not to be reclassified to profit or loss</b>	<b>(5,546)</b>	<b>1,362,454</b>
Revaluation of property, plant and equipment	--	1,705,406
Actuarial losses	(6,932)	(1,183)
Related tax	1,386	(341,769)
<b>Items that are or may be reclassified to profit or loss</b>	<b>(578,401)</b>	<b>(1,538,015)</b>
Hedge reserves	(974,761)	(2,138,483)
Foreign currency translation differences	201,408	172,771
Related tax	194,952	427,697
<b>Other comprehensive loss</b>	<b>(583,947)</b>	<b>(175,561)</b>
<b>Total comprehensive loss</b>	<b>(715,290)</b>	<b>(179,925)</b>
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the parent	(684,475)	(140,303)
Non-controlling interests	(30,815)	(39,622)
<b>Total comprehensive loss</b>	<b>(715,290)</b>	<b>(179,925)</b>

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



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

	Attributable to equity holders of the parent									
	Share capital	Share premium	Items that will not be reclassified to profit or loss		Items that are or may be reclassified to profit or loss			Retained earnings	Non controlling interests	Total equity
			Revaluation of property plant and equipment	Actuarial losses	Foreign currency translation differences	Hedge reserves	Legal reserves			
<b>1 January 2020</b>	<b>2,110,948</b>	<b>916</b>	<b>3,211,890</b>	<b>(10,574)</b>	<b>372,298</b>	<b>(2,635,595)</b>	<b>7,931</b>	<b>(435,539)</b>	<b>(23,148)</b>	<b>2,599,127</b>
Disposal of subsidiary	--	--	(201,378)	(5)	--	7,612	--	193,771	--	--
Transfers	--	--	(180,048)	--	--	--	--	180,048	--	--
Total comprehensive loss	--	--	1,363,377	(923)	172,771	(1,710,786)	--	35,258	(39,622)	(179,925)
<b>30 September 2020</b>	<b>2,110,948</b>	<b>916</b>	<b>4,193,841</b>	<b>(11,502)</b>	<b>545,069</b>	<b>(4,338,769)</b>	<b>7,931</b>	<b>(26,462)</b>	<b>(62,770)</b>	<b>2,419,202</b>
<b>1 January 2021</b>	<b>2,110,948</b>	<b>916</b>	<b>4,583,615</b>	<b>(12,939)</b>	<b>590,369</b>	<b>(3,858,376)</b>	<b>7,931</b>	<b>6,485</b>	<b>(58,792)</b>	<b>3,370,157</b>
Transactions with the non-controlling parties	--	--	--	--	--	--	--	--	36,750	36,750
Transfers	--	--	(179,237)	(470)	--	(20,346)	--	200,053	--	--
Total comprehensive loss	--	--	--	(5,546)	201,408	(779,809)	--	(100,528)	(30,815)	(715,290)
Capital increase	500,000	532	--	--	--	--	--	--	--	500,532
<b>30 September 2021</b>	<b>2,610,948</b>	<b>1,448</b>	<b>4,404,378</b>	<b>(18,955)</b>	<b>791,777</b>	<b>(4,658,531)</b>	<b>7,931</b>	<b>106,010</b>	<b>(52,857)</b>	<b>3,192,149</b>

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

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

	Notes	1 January- 30 September 2021	1 January- 30 September 2020
<b>Cash flows from operating activities:</b>			
<b>Net loss for the period</b>		<b>(131,343)</b>	<b>(4,364)</b>
Adjustments related to depreciation and amortisation	14,15	567,789	493,017
Adjustments related to interest income	15,16	(252,270)	(203,827)
Adjustments related to interest expense	15,16	1,464,224	1,227,529
Adjustments related to unrealized foreign exchange losses and currency translation differences		469,005	219,670
Adjustments related to (income)/ loss from financial derivative instruments	12,16	(43,070)	351
Adjustments for provisions related with employee benefits		11,024	7,449
Adjustments for/(reversal of) other provisions		(995)	2,338
Adjustments related to gain/(loss) on sale of property, plant and equipment	15	(989)	(18,926)
Adjustments related to gain on sale of subsidiary	15	--	(40,160)
Adjustments related to share of profit/(loss) of equity-accounted investees		(25,749)	(58,742)
Adjustments related to tax income		22,429	124,216
Other adjustments related to non-cash items	4	(194,395)	(110,163)
<b>Net cash generated from operating activities before changes in working capital</b>		<b>1,885,660</b>	<b>1,638,388</b>
Changes in trade receivables		(511,237)	(292,333)
Changes in other receivables		236,114	922,703
Changes in other current and non-current assets		10,720	106,876
Changes in trade payables		(707,007)	(451,623)
Changes in other payables		64,685	50,671
Changes in other liabilities		35,107	(41,901)
Changes in receivables from service concession arrangement		312,006	185,874
Changes in inventories		(33,050)	(23,756)
Changes in customer contracts		(140,098)	(440,256)
Termination benefits paid		(2,594)	(1,140)
Taxes paid		(107,200)	(63,672)
<b>Net cash generated from operating activities</b>		<b>1,043,106</b>	<b>1,589,831</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property plant and equipment and intangible assets		(260,331)	(113,536)
Proceeds from sale of property, plant and equipment and intangible assets		5,830	37,818
Cash in flow from sale of subsidiaries		--	249,157
Proceeds from sale of assets held for sale		--	17,574
Dividend received		65,780	51,227
<b>Net cash used in investing activities</b>		<b>(188,721)</b>	<b>242,240</b>
<b>Cash flows from financing activities:</b>			
Cash in flow from issuance of shares		194,096	--
Proceeds from issued debt instruments	6	3,518,804	753,210
Proceeds from bank borrowings	6	499,748	1,424,165
Repayment of bank borrowings	6	(2,737,679)	(1,795,196)
Repayment of issued debt instruments	6	(756,645)	(604,864)
Decrease in other payables to related parties		(70,399)	(33,814)
Payment of lease liabilities	6	(16,623)	(21,072)
Interest paid		(1,212,554)	(1,237,472)
Interest received		118,939	32,364
Other outflows	4	(160,052)	(369,612)
<b>Net cash used in financing activities</b>		<b>(622,365)</b>	<b>(1,852,291)</b>
Net increase/ (decrease) in cash and cash equivalents		232,020	(20,220)
Effect of foreign currency conversion differences on cash and cash equivalents		(59,761)	(141,765)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>709,909</b>	<b>823,024</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>882,168</b>	<b>661,039</b>

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

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Zorlu Enerji Elektrik Üretim AŞ (“The Company” or “Zorlu Enerji”) and its subsidiaries (collectively referred to as (“the Group”) is engaged in electricity, steam production and selling, distribution and retailing of electricity, trading electricity, supply and distribution of gas, selling and distribution of solar panel and sale, installation and operation of electric charging stations. The Group was established by Zorlu Holding AŞ (“Zorlu Holding”) and Korteks Mensucat Sanayi ve Ticaret AŞ (“Korteks”) in 1993. Ultimate controlling party of the Group is Zorlu Holding. The Group is registered in Turkey and its registered address is as follows: Bursa Organize Sanayi Bölgesi, Pembe Cadde, No:13 Bursa, Türkiye.

The Group is registered to the Capital Markets Board (“CMB”), and its shares are publicly traded in Borsa Istanbul AŞ (“BIST”) since 2000. As at 30 September 2021, 34.97% of its shares are open for trading (31 December 2020: 34.7%).

The subsidiaries and associates of the Group are presented as below:

Subsidiaries	Nature of business	Country
Zorlu Enerji Pakistan Ltd. (“Zorlu Enerji Pakistan”)	Electricity production	Pakistan
Zorlu Wind Pakistan (Private) Ltd. (“Zorlu Wind Pakistan”)	Electricity production	Pakistan
Nemrut Jeotermal Elektrik Üretimi AŞ (“Nemrut”)	Electricity production	Turkey
Zorlu Solar Enerji Tedarik ve Ticaret AŞ (“Zorlu Solar”)	Electricity production and solar panel trading	Turkey
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ (“Zorlu Elektrik”)	Electricity trading	Turkey
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ (“Zorlu Osmangazi”) (*)	Electricity distribution and retail sales	Turkey
Zorlu Enerji İsrail Ltd. (“Zorlu Enerji İsrail”)	Electricity production	Israel
Zorlu Renewable Pakistan (Private) Ltd. (“Zorlu Renewable Pakistan”)	Electricity production	Pakistan
Zorlu Sun Power (Private) Ltd. (“Zorlu Sunpower”)	Electricity production	Pakistan
Zorlu Enerji Dağıtım AŞ (“Zorlu Enerji Dağıtım”) (**)	Natural gas distribution	Turkey
Zorlu Enerji Asia Holding Ltd. (“Zorlu Enerji Asia”) (***)	Energy investment	Dubai
ZES Dijital Ticaret AŞ (“ZES Dijital”)	Electricity sale, renting of electric vehicle and other	Turkey
ZJ Strong Energy for Renewable Energy Ltd Co. (“ZJ Strong”)	Electricity production	Palestine
Zorlu Trade Elektrik Toptan Satış AŞ (“Zorlu Trade”)	Electricity trading, wholesale and purchase of electricity	Turkey
Electrip Araç Kiralama Ticaret AŞ (“Electrip”) (****)	Leasing vehicle and supply of related software and equipment	Turkey
ZES N.V.	Electric charging station sales, installation and operation	Netherlands
Zorlu Yenilenebilir Enerji AŞ (“Zorlu Yenilenebilir”) (*****)	Power plant installation, operation and other	Turkey
Associates	Nature of business	Country
Dorad Energy Ltd. (“Dorad”)	Electricity production	Israel
Ezotech Electric Ltd. (“Ezotech”) (*****)	Electricity production	Israel
Solad Energy Ltd. (“Solad”)	Electricity production	Israel
Adnit Real Estate Ltd. (“Adnit”)	Electricity production	Israel

(\*) Zorlu Osmangazi has 100% shares of Osmangazi Elektrik Dağıtım AŞ (“OEDAŞ”) and Osmangazi Elektrik Satış Perakende AŞ (“OEPSAŞ”).

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

- (\*\*) Zorlu Enerji Dağıtım has 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım AŞ (“Trakya”) and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ (“Gazdaş”) and 100% shares of Zorlu Doğal Gaz Tedarik Ticaret AŞ (“Zorlu Doğal Gaz Tedarik”).
- (\*\*\*) Zorlu Enerji Asia Holding Limited owned 100% shares of Zorlu Solar Pakistan (Private) Ltd. (“Zorlu Solar Pakistan”) on 20 October 2020. As per the material event disclosure dated May 20, 2021, Zorlu Enerji Asia Holding Limited, the company's capital of which is fully owned, established in Dubai International Financial Center (Dubai International Financial Center), has been decided to be liquidated due to the change in business plan. As of May 20, 2021, necessary liquidation procedures have been initiated within the framework of the laws and rules of the country to which Zorlu Enerji Asia Holding Limited is subject.
- (\*\*\*\*) As a result of the share transfers in Zorlu Enerji ve İnşaat Sanayi ve Ticaret AŞ; Zorlu Enerji took over all of its shares and aggregated 100% ownership rate as of 28 July 2020. Zorlu Enerji ve İnşaat Sanayi ve Ticaret AŞ maintains its activities as of 16 September 2020 under the name of Electrip Araç Kiralama Ticaret AŞ.
- (\*\*\*\*\*) Zorlu Yenilenebilir was established on 27 August 2020 as a subsidiary of Zorlu Enerji, which has all its shares, and on the date, Zorlu Doğal Elektrik Üretim AŞ. (“Zorlu Doğal”), Zorlu Jeotermal Enerji Elektrik Üretim AŞ and Rotor Elektrik Üretim AŞ (“Rotor”) acquired 100% of Zorlu Doğal, Zorlu Jeotermal and Rotor companies by taking over the shares from Zorlu Enerji.
- (\*\*\*\*\*) Ezotech has 100% shares of Ashdod Energy Ltd. (“Ashdod”) and Ramat Negev Energy Ltd. (“Ramat Negev”).

As at 30 September 2021, the number of average personnel employed is 2,325 (31 December 2020: 2,283).

The power plants of the Group located in Turkey and abroad are presented below together with their existing installed capacities:

#### Installed capacity in Turkey:

Power Plant	Company	Location	Type	Electricity Production Capacity (MW)	Steam Production Capacity (Ton/Hour)
<b>Geothermal</b>				<b>305.00</b>	--
Kızıldere 1	Zorlu Doğal	Denizli	Geothermal	15.00	--
Kızıldere 2	Zorlu Doğal	Denizli	Geothermal	80.00	--
Kızıldere 3	Zorlu Doğal	Denizli-Aydın	Geothermal	165.00	--
Alaşehir 1	Zorlu Jeotermal	Manisa	Geothermal	45.00	--
<b>Wind</b>				<b>135.00</b>	--
Gökçedağ	Rotor	Osmaniye	Wind	135.00	--
<b>Hydroelectric</b>				<b>118.94</b>	--
Tercan	Zorlu Doğal	Erzincan	Hydroelectric	15.00	--
Kuzgun	Zorlu Doğal	Erzurum	Hydroelectric	20.90	--
Ataköy	Zorlu Doğal	Tokat	Hydroelectric	5.50	--
Mercan	Zorlu Doğal	Tunceli	Hydroelectric	20.40	--
Çıldır	Zorlu Doğal	Kars	Hydroelectric	15.40	--
İkizdere	Zorlu Doğal	Rize	Hydroelectric	24.94	--
Beyköy	Zorlu Doğal	Eskişehir	Hydroelectric	16.80	--
<b>Natural Gas</b>				<b>83.83</b>	<b>98.00</b>
Lüleburgaz	Zorlu Enerji	Lüleburgaz, Kırklareli	Cogeneration Natural Gas	49.53	98.00
Bursa	Zorlu Enerji	Bursa Organized Industrial Zone	Combined-Cycle Natural Gas	34.30	--
<b>TOTAL</b>				<b>642.77</b>	<b>98.00</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

#### Installed capacity in abroad:

Power Plant	Location	Type	Electricity Production Capacity (MW)	Steam Production Capacity (Ton/Hour)
<b>Wind</b>			<b>56.40</b>	--
Jhimpir	Pakistan	Wind	56.40	--
<b>Solar (*)</b>			<b>1.50</b>	--
Deadsea	Palestine	Solar (2 MW)	1.50	--
<b>Natural Gas (*)</b>			<b>290.48</b>	<b>46.37</b>
Dorad	Israel	Combined-Cycle Natural Gas (840 MW)	210.00	--
Ashdod	Israel	Cogeneration Natural Gas (64.54 MW, 40 ton/hour)	27.20	16.86
Ramat Negev	Israel	Cogeneration Natural Gas (126.4 MW, 70 ton/hour)	53.28	29.51
<b>TOTAL</b>			<b>348.38</b>	<b>46.37</b>

(\*) Stake of Zorlu Enerji in Israel and Palentine companies has been taken into consideration in the calculation of total production capacity.

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

#### 2.1 Basis of Presentation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020.

This condensed consolidated interim financial information is prepared under the historical cost convention, adjusted, where required by IAS 34 to measure certain items at fair value.

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial information are disclosed in Note 2.6.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.1 Basis of Presentation (Continued)

##### Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in TL, which is the functional currency of Group and the presentation currency of the Group.

Foreign consolidated subsidiaries are regarded as foreign entities since they are financially, economically and organizationally autonomous. Their reporting currencies are the respective local currencies. Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the financial position and at exchange rates at the dates of the transactions with respect to the statement of profit or loss. All resulting translation differences between the closing balances and opening balances due to the difference in inflation and devaluation are included in currency translation adjustment in equity.

#### 2.2 Basis of consolidation

The consolidated financial statements includes the accounts of the parent company, Zorlu Enerji and its subsidiaries and associates on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with IFRS by applying uniform accounting policies and presentation. The results of operations of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

##### *Subsidiaries*

Zorlu Enerji controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Zorlu Enerji has power over a subsidiary when Zorlu Enerji has existing rights that give it the current ability to direct the relevant activities that significantly affect the subsidiary’s returns. Power arises from rights and the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Zorlu Enerji controls another entity.

Subsidiaries including the structured entities are the companies controlled by the Group. The Group’s control is provided by the ability to affect the variable returns through its power over the subsidiaries. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases.

The statement of financial position and statement of profit or loss the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Zorlu Enerji and its subsidiaries are eliminated against the related equity. Intercompany transactions and balances between Zorlu Enerji and its subsidiaries are eliminated with the scope of consolidation accounting.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.2 Basis of consolidation (Continued)

###### *Loss of control*

If the Group loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed the Group. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

###### *Non-controlling interests*

The minority shares in the net assets and operating results of subsidiaries are separately classified in the consolidated statement of financial position and consolidated statements of profit or loss as “non-controlling interests”.

The Group applies a policy of treating transactions with non-controlling interests as transactions with owners of the parent. Regarding the purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also accounted for in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also accounted for in equity.

The table below sets out all subsidiaries and demonstrates the proportion of ownership interest as at 30 September 2021 and 31 December 2020. Financial statements of subsidiaries are consolidated using the full consolidation method.

Subsidiaries	Direct ownership interest by Zorlu Enerji (%)	
	30 September 2021	31 December 2020
Zorlu Enerji Pakistan	100	100
Zorlu Wind Pakistan	99.7	99.7
Nemrut	75	75
Zorlu Solar	100	100
Zorlu Elektrik	100	100
Zorlu Osmangazi	100	100
Zorlu Enerji İsrail	100	100
Zorlu Renewable Pakistan	--	99.7
Zorlu Sun Power	--	99.7
Zorlu Enerji Dağıtım	100	100
Zorlu Enerji Asia	100	100
ZES Dijital	100	100
ZJ Strong	75	75
Zorlu Trade	100	100
Electrip	100	100
ZES N.V.	100	100
Zorlu Yenilenebilir	100	100



# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.2 Basis of consolidation (Continued)

##### *Interests in equity-accounted investees*

The Group’s equity-accounted investees are accounted under the equity method of accounting. Equity-accounted investees are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associates, less any impairment in value. The consolidated statement of income/loss reflects the Group’s share of the results of operations of the associates.

The equity method is abandoned if the carrying value of the investment in the associate is zero or the significant effect of the Group has ended, as long as the Group does not incur an obligation or commitment in relation to the associate. After the Group's share in the associate has decreased to zero, additional provision and recognition of the liability has been incurred if the Group is exposed to legal or constructive obligation or has made payments on behalf of the associate.

The table below sets out all associates and demonstrates the proportion of ownership interest as at 30 September 2021 and 31 December 2020:

<b>Subsidiary</b>	<b>30 September 2021 (%)</b>	<b>31 December 2020 (%)</b>
Dorad	25	25
Ezotech	42.15	42.15
Solad	42.15	42.15
Adnit	42.15	42.15

#### 2.3 Amendments in International Financial Reporting Standards

The accounting policies that are the basis for the preparation of condensed consolidated interim financial statements for the period 30 September 2021 have been applied consistently with those used in the previous year, except for the new and amended IFRSs as of 30 September 2021 summarised below. The effects of these standards and interpretations on the condensed consolidated financial position, consolidated performance and consolidated cash flows of the Group are explained below.

##### *a. Standards, amendments and interpretations applicable as at 30 September 2021:*

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021 are as follows:

- Interest rate benchmark reform - phase 2 - amendments to IFRS 9 financial instruments, IAS 39 financial instruments: recognition and measurement, IFRS 7 financial instruments: disclosures, IFRS 4 insurance contracts and IFRS 16 leases

The application amendments did not have a significant impact on the condensed consolidated interim financial statements of the Group.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.3 Amendments in International Financial Reporting Standards (Continued)

##### *b. Standards, amendments and interpretations that are issued but not effective as at 30 September 2021:*

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows:

- COVID -19 - Related rent concessions beyond 30 September 2021 (the 2021 amendment),
- Reference to the conceptual framework (amendments to IFRS 3),
- Property, plant and equipment - proceeds before intended use (amendments to IAS 16),
- Onerous contracts - cost of fulfilling a contract (amendments to IAS 37),
- Classification of liabilities as current or non - current (Amendments to IAS 1),
- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2),
- Definition of accounting estimates (amendments to IAS 8),
- Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12 income taxes

The Group is assessing the potential impact of these amendments on its condensed consolidated financial statements.

#### 2.4 Going concern assumption

The gross profit and EBITDA of the Group are TL 1,476,512 and TL 2,373,131 respectively as at 30 September 2021. The Group has TL 106,010 of retained earnings and TL 100,528 of net loss for the equity holders of the parent as at and for the period ending 30 September 2021. Besides, the Group’s current liabilities exceeds its current assets by TL 2,741,391.

In order to reduce short-term debts and to provide resources for new investments, the Company management, as per the material event disclosure dated 29 April 2021, pursuant to the authorization given by Article 6 of the Company's Articles of Association, the registered capital of the Company, determined as 6,000,000 TL. It has been decided to increase its issued capital, which is 2,000,000 TL, within the ceiling, to 2,500,000 TL by increasing it by 500,000 TL (25%) by being fully covered in cash. In the CMB's bulletin dated 5 August 2021 and numbered 2021/38, it was announced that the Company's registration statement regarding the paid capital increase was approved. In addition, the Company aims to extend the maturity of some of its short-term debts, with dividend income from its short-term long-term projects abroad and cash from domestic and foreign financing resources it focuses on. As per the material event disclosure dated 1 May 2021, the sale of the bond (Eurobond) with a nominal value of USD 300,000,000, which was issued by Zorlu Yenilenebilir Enerji AŞ, a 100% subsidiary of the Company, to be offered for sale abroad, was completed on 1 June 2021.

Since major portion of the Group’s electricity sales is at pre-determined prices in USD within the scope of Renewable Energy Sources Mechanism (“YEKDEM”), it affects the gross profit as positively. In addition, foreign exchange losses arising from borrowings of the Companies which sell electricity in scope of YEKDEM have been hedged by the foreign exchange gains arising from the sales indexed to USD mainly.

The Group has prepared its consolidated financial statements on a going concern basis in a foreseeable future and does not expect any risk in this respect.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.5 Comparatives and restatement of prior year financial statements

The condensed consolidated interim financial statements of the Group for the current period is prepared in comparison with the prior year in order to be able to determine the financial position and performance trends. For the purposes of effective comparison, comparative consolidated financial statements can be reclassified when deemed necessary, where descriptions on significant differences are disclosed.

The Group has performed the following reclassifications:

- Payables amounts to TL 4,433 in short other payables to third parties and TL 17,503 in long-term other payables in the Group's consolidated statement of financial position as of 31 December 2020 are reclassified to short-term portions of long-term bank loans and long-term bank loans, respectively.
- Construction in progress related to OEDAŞ amounts to TL 79,639 in tangible assets in the Group's consolidated statement of financial position as of 31 December 2020 are reclassified to other contract assets.
- TL 61,738 of the investment inventories related to electricity and natural gas distribution segment amounts to TL 83,588 in tangible assets in the Group's consolidated statement of financial position as of 31 December 2020 is reclassified to inventories and remaining portion of TL 21.850 is reclassified to other current assets.
- Fair value of service concession arrangements amounts to TL 192,413 which shown in the revenue in the condensed consolidated statement of financial position as at 30 Septembers 2020, is classified to “other income”. This reclassification has not any effect on retained earnings and current period profit or loss.

##### 2.6 Critical accounting estimates, assumptions and judgments

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date and the significant judgments are set out below:

###### a) *Deferred tax asset on cumulative tax losses*

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits. When accounting for deferred tax assets it is necessary to make critical estimations and evaluations with regard to taxable profits in the future periods. As at 30 September 2021 according to the future projections, deferred tax assets are recognized on the carryforward tax losses amounts to TL 4,204,609 (31 December 2020: TL 3,867,055). Deferred tax asset is not recognized carryforward tax losses for the remaining TL 697,824 (31 December 2020: TL 509,637).

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.6 Critical accounting estimates, assumptions and judgments (Continued)

###### *b) Cash flow hedge*

As explained in Note 12, the Group uses investment loans amounting USD 909,338 thousand and as a hedging instrument against the USD spot exchange rate risk the Group is exposed to due to highly probable YEKDEM sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed. The estimations in budgets for YEKDEM sales income used for effectiveness test include estimations such as sales quantities and production capacity.

###### *c) Explanations for revaluation method and fair value measurement*

Group has chosen revaluation method among application methods mentioned under IAS 16 with respect to measurement and disclosure of the Group’s power plants at fair value commencing from 31 December 2013. On 31 December 2020, A A Baig & Co. Chartered Accountants was given the authority to determine the market value of the power plant belonging to Zorlu Enerji Pakistan, Aden Gayrimenkul Değerleme ve Danışmanlık AŞ (“Aden Gayrimenkul”) was given the authority to determine the Zorlu Enerji, Zorlu Doğal, Zorlu Jeotermal and Rotor’s power plants installed in Turkey. The cost method was used for the valuation of plants that belong to Zorlu Enerji, and the income method (Discounted cash flows-DCF) was used for the valuation of other plants.

Regarding the assumptions used in the valuation of power plants other than the power plant owned by Zorlu Enerji Pakistan; USD weighted average cost of capital ratio: 8.5%, and in the valuation of Zorlu Enerji Pakistan's power plant, USD weighted average cost of capital ratio: 8.99%.

##### 2.7 Seasonality of operations

Business volume shows seasonal changes according to the structure of the industry in which the Group operates. In the gas distribution segment, business volume is higher in the first and fourth quarters corresponding to winter months and for the wind and hydroelectric power plants, which are under production and trading segment, business volumes are higher in second and third quarters and in the fourth quarter of the year, respectively. Seasonality does not have a significant impact on the volume of business in the remaining segments of the Group.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

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

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

#### 2.8 Financial risk management

##### *Foreign exchange risk*

The sources used by the Group in financing its investments are predominantly foreign currency denominated. The Group is exposed to foreign exchange risk arising from the translation of the amounts denominated in USD and EUR. In order to eliminate these risks, protection policies are applied in order to use various derivative instruments. In addition, foreign exchange losses arising from borrowings of the Companies which sell electricity in scope of YEKDEM have been hedged by the foreign exchange gains arising from the sales indexed to USD mainly (Note 12).

Foreign currency denominated assets and liabilities held by the Group as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Assets	3,479,110	2,687,963
Liabilities	(13,767,934)	(11,076,039)
Net position of derivative instruments	(217,298)	(416,721)
<b>Foreign currency position, (net)</b>	<b>(10,506,122)</b>	<b>(8,804,797)</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.8 Financial risk management (Continued)

TL equivalent of assets and liabilities denominated in foreign currency held by the Group at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021					31 December 2020				
	TL equivalent	USD	Euro	NIS	JPY	TL equivalent	USD	Euro	NIS	JPY
Cash and cash equivalents	357,121	37,957	2,073	26	1	446,200	58,948	1,495	11	1
Trade receivables	241,059	26,993	228	--	--	12,108	1,247	328	--	--
Due from related parties - short-term	1,211,038	108,684	24,232	--	--	890,346	91,583	24,210	--	--
Due from related parties - long-term	1,615,923	143,340	5,067	107,418	--	1,330,116	141,497	5,066	107,412	--
Other	53,969	5,964	119	--	--	9,193	829	345	--	--
<b>Total assets</b>	<b>3,479,110</b>	<b>322,938</b>	<b>31,719</b>	<b>107,444</b>	<b>1</b>	<b>2,687,963</b>	<b>294,104</b>	<b>31,444</b>	<b>107,423</b>	<b>1</b>
Trade payables	256,676	25,553	2,977	--	--	257,951	31,625	2,865	--	--
Short-term financial liabilities	2,963,862	291,356	37,554	--	--	2,440,448	275,764	46,204	--	--
Short term other payables	159	18	--	--	--	17,764	2,420	--	--	--
Due to related parties	--	--	--	--	--	21,127	2,878	--	--	--
Long-term financial liabilities	10,547,237	1,189,222	2,966	--	--	8,338,749	1,102,914	26,955	--	--
<b>Total liabilities</b>	<b>13,767,934</b>	<b>1,506,149</b>	<b>43,497</b>	<b>--</b>	<b>--</b>	<b>11,076,039</b>	<b>1,415,601</b>	<b>76,024</b>	<b>--</b>	<b>--</b>
<b>Net position of derivative financial instruments</b>	<b>(217,298)</b>	<b>(24,572)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(416,721)</b>	<b>(24,572)</b>	<b>(26,238)</b>	<b>--</b>	<b>--</b>
<b>Net foreign currency position</b>	<b>(10,506,122)</b>	<b>(1,207,783)</b>	<b>(11,778)</b>	<b>107,444</b>	<b>1</b>	<b>(8,804,797)</b>	<b>(1,146,069)</b>	<b>(70,818)</b>	<b>107,423</b>	<b>1</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.8 Financial risk management (Continued)

The Group is mainly exposed to foreign exchange risk through the impact of rate changes in the translation of USD, EUR and NIS currencies denominated assets and liabilities to local currency. As at 30 September 2021 and 31 December 2020, had the TL appreciated or depreciated by 10% against USD, EUR and NIS with all other variables held constant, the effect over current period consolidated net income/ (loss) and equity would be as follows:

	30 September 2021		30 September 2021	
	Profit or loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 10% appreciation</b>				
<b>/ depreciation USD against TL:</b>				
USD net asset/(liability)	(1,068,079)	1,068,079	(1,068,079)	1,068,079
Amount hedged for USD risk (-)	804,155	(804,155)	--	--
<b>USD net effect</b>	<b>(263,924)</b>	<b>263,924</b>	<b>(1,068,079)</b>	<b>1,068,079</b>
<b>In case of 10% appreciation</b>				
<b>/ depreciation of EUR against TL:</b>				
EUR net asset/(liability)	(12,147)	12,147	(12,147)	12,147
Amount hedged for EUR risk (-)	--	--	--	--
<b>EUR net effect</b>	<b>(12,147)</b>	<b>12,147</b>	<b>(12,147)</b>	<b>12,147</b>
<b>In case of 10% appreciation</b>				
<b>/ depreciation of NIS against TL:</b>				
NIS net asset/(liability)	29,614	(29,614)	29,614	(29,614)
Amount hedged for NIS risk (-)	--	--	--	--
<b>NIS net effect</b>	<b>29,614</b>	<b>(29,614)</b>	<b>29,614</b>	<b>(29,614)</b>
<b>Total net effect</b>	<b>(246,457)</b>	<b>246,457</b>	<b>(1,050,612)</b>	<b>1,050,612</b>

As at 30 September 2021, the Group uses investment loans amounting to USD 909,338 thousand (31 December 2020: USD 914,202 thousand) as a hedging instrument against the USD spot exchange rate risk the Group is exposed to due to highly probable YEKDEM sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.8 Financial risk management (Continued)

	31 December 2020		31 December 2020	
	Profit or loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 10% appreciation</b>				
<b>/ depreciation USD against TL:</b>				
USD net asset/(liability)	(841,272)	841,272	(841,272)	841,272
Amount hedged for USD risk (-)	671,070	(671,070)	--	--
<b>USD net effect</b>	<b>(170,202)</b>	<b>170,202</b>	<b>(841,272)</b>	<b>841,272</b>
<b>In case of 10% appreciation</b>				
<b>/ depreciation of EUR against TL:</b>				
EUR net asset/(liability)	(63,792)	63,792	(63,792)	63,792
Amount hedged for EUR risk (-)	--	--	--	--
<b>EUR net effect</b>	<b>(63,792)</b>	<b>63,792</b>	<b>(63,792)</b>	<b>63,792</b>
<b>In case of 10% appreciation</b>				
<b>/ depreciation of NIS against TL:</b>				
NIS net asset/(liability)	24,585	(24,585)	24,585	(24,585)
Amount hedged for NIS risk (-)	--	--	--	--
<b>NIS net effect</b>	<b>24,585</b>	<b>(24,585)</b>	<b>24,585</b>	<b>(24,585)</b>
<b>Total net effect</b>	<b>(209,409)</b>	<b>209,409</b>	<b>(880,479)</b>	<b>880,479</b>

#### *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 fair values of financial instruments that are not traded in an active market have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate fair value. Accordingly, the estimates presented herein may differ from the amounts the Group could realise in a current market exchange.



# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.8 Financial risk management (Continued)

##### *Monetary assets*

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

The fair values of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate to their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to approximate to their fair values.

##### *Monetary liabilities*

The fair values of short term bank borrowings and other monetary liabilities are considered to approximate to their respective carrying values due to their short-term nature.

Since long term foreign currency loans generally have floating interest rate fair value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate.

#### **Fair value estimation:**

Disclosure of fair value measurements by level of the following fair value measurement hierarchy is as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted market prices included within level 1 that are observable for the asset or
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Fair values of translated foreign currency balances with year-end foreign exchange rates are considered to approximate their carrying values.

Cash and cash equivalents as at the carrying value of certain financial assets carried at cost, are considered to approximate their fair values due to their short-term.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to estimate the fair value an instrument are observable, the instrument is included in Level 2.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

#### 2.8 Financial risk management (Continued)

The fair values of assets and liabilities as at 30 September 2021 and 31 December 2020 are as follows:

Derivative financial instruments	30 September 2021	31 December 2020
Level 1	--	--
Level 2	(229,065)	(323,559)
Level 3	--	--
	<b>(229,065)</b>	<b>(323,559)</b>

The fair value of powerplants belonging to Zorlu Enerji is determined by using “market approach and cost method” (Level 2) and fair values of all other power plants are determined by using “income approach - discounted cash flow analysis” (Level 3).

Property, plant and equipment	30 September 2021	31 December 2020
Level 1	--	--
Level 2	260,868	255,838
Level 3	9,472,851	9,806,045
	<b>9,733,719</b>	<b>10,061,883</b>

### NOTE 3 - SEGMENT REPORTING

Group management has determined the reportable parts of the Group as distribution of electricity and distribution of gas, retail and wholesale of electricity and producing and trading according to the activity groups.

Management of the Group considers Earnings before interest, taxes, depreciation and amortization (“EBITDA”) as the most appropriate method for comparability with other companies within the same industry. The segment information in industrial basis is presented below:

1 January – 30 September 2021	Electricity distribution	Gas distribution	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation total
Revenue	905,627	1,492,561	4,421,658	2,179,477	(1,571,189)	7,428,134
Cost of sales	(555,395)	(1,527,893)	(4,221,161)	(1,216,746)	1,569,573	(5,951,622)
Gross profit	350,232	(35,332)	200,497	962,731	(1,616)	1,476,512
Operating expenses	(70,743)	(39,578)	(82,233)	(88,752)	3,021	(278,285)
Amortisation and depreciation expenses (*)	19,123	5,319	1,087	437,338	--	462,867
Interest income from distribution activities (**)	223,025	113,541	--	--	--	336,566
Indexation difference on receivables from service concession arrangements (**)	278,349	97,122	--	--	--	375,471
EBITDA	799,986	141,072	119,351	1,311,317	1,405	2,373,131

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 3 - SEGMENT REPORTING (Continued)

1 January – 30 September 2020	Electricity distribution	Gas distribution	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation total
Revenue	721,408	1,243,039	3,606,964	1,766,117	(1,341,632)	5,995,896
Cost of sales	(468,707)	(1,238,444)	(3,417,577)	(1,023,878)	1,337,597	(4,811,009)
Gross profit	252,701	4,595	189,387	742,239	(4,035)	1,184,887
Operating expenses	(55,373)	(33,218)	(66,462)	(66,591)	1,872	(219,772)
Amortisation and depreciation expenses (*)	12,254	6,360	2,884	373,837	-	395,335
Interest income from distribution activities (**)	166,817	94,390	--	--	--	261,207
Indexation difference on receivables from service concession arrangement (**)	138,219	54,194	--	--	--	192,413
EBITDA	514,618	126,321	125,809	1,049,485	(2,163)	1,814,070
30 September 2021	Electricity distribution	Gas distribution	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation Total
Segment assets	3,510,309	2,291,546	1,643,582	29,276,615	(13,212,433)	23,509,619
Associates	--	--	--	784,817	--	784,817
Segment liabilities	2,239,015	3,004,453	1,257,689	19,774,885	(5,173,755)	21,102,287
31 December 2020	Electricity distribution	Gas distribution	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation Total
Segment assets	3,065,288	1,933,266	1,374,735	22,962,273	(7,338,800)	21,996,762
Associates	--	--	--	681,368	--	681,368
Segment liabilities	2,165,337	3,052,725	1,126,090	16,585,333	(3,621,512)	19,307,973

(\*) The amortisation and depreciation expense amounts to TL 462,867 (30 September 2020: TL 395,335) has been presented in operating expenses, and amount of TL 104,922 (30 September 2020: TL 97,682) has been presented in other operating expenses.

(\*\*) Interest income from distribution activities and indexation difference on receivables from service concession arrangement which are related to OEDAŞ, Gazdaş and Trakya amounts to TL 336,566 (30 September 2020: TL 261,207) and TL 375,471 (30 September 2020: TL 192,413) respectively which are presented in the other income are considered in EBITDA calculation.

Reconciliation between EBITDA and income before tax from continued operations is as follows:

	30 September 2021	30 September 2020
EBITDA (*)	2,373,131	1,814,070
Amortisation and depreciation expenses	(567,789)	(493,017)
Financial income/(expenses), net	(1,784,041)	(1,230,065)
Other operating income/(expenses), net	(155,964)	(29,878)
Share of profit of associates	25,749	58,742
<b>Income/(loss) before tax from continued operations</b>	<b>(108,914)</b>	<b>119,852</b>

(\*) The Group’s Israel investments have been accounted using equity method and EBITDA related to these investments amounting TL 242,038 (30 September 2020: TL 200,037) was not taken into consideration in Group’s total EBITDA.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 4- CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
Cash	151	--
Banks		
- Time deposits	553,354	438,507
- Demand deposits	409,015	289,807
	<b>962,520</b>	<b>728,314</b>

The maturities of time deposits are less than 3 months and the average effective annual interest rates for time deposits are as follows:

	30 September 2021	31 December 2020
	(%)	(%)
USD	0.02	0.05
PKR	5.71	5.71
TL	16.40	13.46

The details of cash and cash equivalents include the following for the purpose of the consolidated statements of cash flows as at 30 September 2021 and 2020:

	30 September 2021	30 September 2020
Cash and cash equivalents	962,520	948,424
Less: Restricted cash (*)	(80,352)	(287,385)
	<b>882,168</b>	<b>661,039</b>

(\*) Total restricted cash balance is TL 344,400 of Group together with the restricted cash amounts to TL 264,048 under the short-term financial investments.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

##### *Supplementary explanations related to cash flows*

"Other adjustments related to non-cash items" in net cash generated from operating activities before changes in operating assets and liabilities in cash flows represents the following:

	<b>1 January - 30 September 2021</b>	<b>1 January - 30 September 2020</b>
Adjustments related to indexation differences of deposits received	112,121	37,569
Redemptions related to loan commissions	68,955	46,433
Adjustments related to indexation differences of receivables from service concession agreements	(375,471)	(192,413)
Others	--	(1,752)
	<b>(194,395)</b>	<b>(110,163)</b>

Details of “Other outflows” in net cash used in financing activities in cash flows as follows:

	<b>1 January - 30 September 2021</b>	<b>1 January - 30 September 2020</b>
Commission paid related to borrowings (Note 6)	(92,635)	(69,426)
Change in blocked deposits	(67,417)	(300,186)
	<b>(160,052)</b>	<b>(369,612)</b>

#### NOTE 5 - RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

	<b>30 September 2021</b>	<b>31 December 2020</b>
Short-term receivables from service concession arrangement	475,275	349,605
Long-term receivables from service concession arrangement	2,471,986	2,534,191
	<b>2,947,261</b>	<b>2,883,796</b>

The receivables from service concession arrangement represent the amounts of the investments not yet recovered by the tariff.

As at 30 September 2021, TL 2,125,939 of the receivables from service concession arrangement is related to OEDAŞ (31 December 2020: TL 2,139,255) and TL821,322 is related to Gazdaş and Trakya (31 December 2020: TL744,541).

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 5 - RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT (Continued)

The maturity analysis of receivables from service concession arrangements has shown as below;

	30 September 2021	31 December 2020
Up to 1 years	475,275	349,605
Between 1 to 3 years	950,550	699,210
Between 3 to 5 years	950,550	699,210
More than 5 years	570,886	1,135,771
	<b>2,947,261</b>	<b>2,883,796</b>

The movements of the receivables from service concession arrangement for electricity and gas distribution companies are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
<b>Opening balance</b>	<b>2,883,796</b>	<b>2,308,845</b>
Gross investments	75,400	47,256
Subscriber connection fee	(40,014)	(27,183)
Net investment	35,386	20,073
Collections (-)	(347,392)	(205,947)
Indexation differences	375,471	192,413
<b>Closing balance</b>	<b>2,947,261</b>	<b>2,315,384</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 6 - FINANCIAL LIABILITIES

The detail of financial liabilities of the Group as at 30 September 2021 and 31 December 2020 is as follows:

	30 September 2021	31 December 2020
Short-term bank borrowings	593,163	1,020,878
Issued bonds	115,708	412,147
Other issued securities	166,957	119,773
Short-term financial payables to related parties (Note 17)	43,863	41,886
Lease liabilities	48,317	19,922
<b>Total short-term financial liabilities</b>	<b>968,008</b>	<b>1,614,606</b>
Short-term portion of long-term bank borrowings	3,352,240	2,661,172
Issued bonds (*)	849,657	214,299
<b>Total short-term portion of long term financial liabilities</b>	<b>4,201,897</b>	<b>2,875,471</b>
Long-term bank borrowings	9,608,441	9,969,103
Lease liabilities	73,613	35,161
Issued bonds (*)	2,594,277	48,842
<b>Total long-term financial liabilities</b>	<b>12,276,331</b>	<b>10,053,106</b>
<b>Total financial liabilities</b>	<b>17,446,236</b>	<b>14,543,183</b>

(\*) On 1 June 2021, the Group has issued bonds amounting to USD 300,000 thousand with a maturity of 5 years, a coupon rate of 9% quoted on the Irish Stock Exchange and interest payment in every nine months.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 6 - FINANCIAL LIABILITIES (Continued)

The detail of short-term financial liabilities of the Group as at 30 September 2021 and 31 December 2020 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
USD	19,703	37,665	8.43	7.77	174,240	276,480
EUR	1,949	749	4.21	5.94	20,101	6,747
TL	773,549	1,331,275	26.57	19.65	773,549	1,331,275
PKR	2,296	2,296	--	--	118	104
					<b>968,008</b>	<b>1,614,606</b>

The detail of short-term portion of long-term financial liabilities of the Group as at 30 September 2021 and 31 December 2020 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
USD	271,653	238,099	8.04	7.82	2,402,309	1,747,766
EUR	35,605	45,455	8.34	7.65	367,212	409,455
TL	1,421,646	709,107	19.08	17.94	1,421,646	709,107
PKR	208,381	201,130	10.66	9.88	10,730	9,143
					<b>4,201,897</b>	<b>2,875,471</b>

The detail of long-term financial liabilities of the Group as at 30 September 2021 and 31 December 2020 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
USD	1,189,222	1,102,914	8.59	8.04	10,516,647	8,095,940
EUR	2,966	26,955	5.57	5.88	30,590	242,809
TL	1,706,338	1,685,520	17.20	17.33	1,706,338	1,685,520
PKR	126,821	325,591	9.41	9.36	6,530	14,801
NIS	5,887	6,133	5.50	5.50	16,226	14,036
					<b>12,276,331</b>	<b>10,053,106</b>

The commission paid during the period amounting TL 92,635 (30 September 2020: TL 69,426) related to the borrowings obtained by Zorlu Enerji and its subsidiaries from financial institutions are deducted from the total loan amount. Such commission amount is amortized during the term of loans.

Letters of guarantees given, pledges and mortgages related to financial liabilities are explained in Note 11.



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 6 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial liabilities as at 30 September 2021 and 31 December 2020 is as follows:

	30 September 2021	31 December 2020
Up to 1 year	5,169,905	4,490,077
Up to 1 to 2 years	4,264,181	2,329,028
Up to 2 to 3 years	1,648,835	2,753,494
Up to 3 to 4 years	1,495,097	1,033,558
Up to 4 to 5 years	2,449,937	1,019,932
More than 5 years	2,418,281	2,917,094
	<b>17,446,236</b>	<b>14,543,183</b>

The movements of financial liabilities for the period 1 January - 30 September 2021 and 2020 are as follow:

	2021	2020
<b>As at 1 January</b>	<b>14,543,183</b>	<b>12,772,029</b>
Cash inflows from bank borrowings	499,748	1,424,165
Cash inflows from issued debt instruments	3,518,804	753,210
Cash outflows due to the repayment of bank borrowings	(2,737,679)	(1,795,196)
Cash outflows from debt repayments of issued debt instruments	(756,645)	(604,864)
Change of exchange differences and interest accruals	3,546,585	3,975,238
Interest paid	(1,212,554)	(1,237,472)
Cash outflows from debt repayments of lease agreements	(16,623)	(21,072)
The impact of IFRS 16	73,038	3,939
Interest expense of lease contract	12,059	7,005
Other classifications	(23,680)	(16,947)
<b>30 September</b>	<b>17,446,236</b>	<b>15,260,035</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

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#### NOTE 7 - OTHER PAYABLES

##### Short term other payables:

	30 September 2021	31 December 2020
Deposit received	1,072,724	966,258
Other payables to related parties (Note 17)	3,829	367,998
Other short-term payables	70,494	154
	<b>1,147,047</b>	<b>1,334,410</b>

Movement for deposit received is as follows:

	2021	2020
<b>1 January</b>	<b>966,258</b>	<b>799,378</b>
Additions and payments, net	(5,655)	55,334
Indexation on deposits (Note 15)	112,121	37,569
<b>30 September</b>	<b>1,072,724</b>	<b>892,281</b>

#### NOTE 8 - OTHER ASSETS AND LIABILITIES

##### a) Other current assets:

	30 September 2021	31 December 2020
Insurance income accruals	51,084	38,294
VAT receivable	33,139	25,725
Prepaid expenses	31,916	41,243
Investment materials	22,866	21,850
Assets related to current income tax	3,473	37
Other	27,431	41,975
	<b>169,909</b>	<b>169,124</b>

##### b) Other non-current assets:

	30 September 2021	31 December 2020
Revenue difference correction component (*)	--	13,283
Prepaid expenses	2,122	204
	<b>2,122</b>	<b>13,487</b>

(\*) EMRA regulates the distribution companies' revenues and expenses by setting ceiling amounts for distribution revenue and non-controlling expenses. Excess or shortage portions of revenues and expenses ceilings are charged to subsequent two years' tariffs which is set by EMRA. These portions of revenues and expenses are considered as an adjustment to the tariffs set by EMRA in the following second year from the origination.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 8 - OTHER ASSETS AND LIABILITIES (Continued)

##### c) Other current liabilities:

	30 September 2021	31 December 2020
Taxes and funds payable	204,867	125,036
Due to personnel	30,708	17,415
Revenue difference correction component (*)	21,233	84,932
Advances received	2,955	1,015
Other	9,015	6,222
	<b>268,778</b>	<b>234,620</b>

(\*) Within the framework of EMRA regulations, some expenses of electricity distribution companies are limited by a specified cap. Collection through tariff for deferred distribution revenue exceed the EMRA cap (In previous years, this extra collected amount was considered an adjustment to the system operation revenue cap determined by EMRA in the second year and is collected with the 2020 system operation revenue cap).

#### NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

As of 30 September 2021, the cost and accumulated depreciation of the Group's tangible fixed assets are TL 13,501,244 (31 December 2020: TL 12,976,576) and TL 2,929,103 (31 December 2020: TL 2,365,785), respectively. The depreciation expense for tangible fixed assets for the between 1 January – 30 September 2021 is TL 434,985 (30 September 2020: TL 375,897). The total investment made in the nine months period is TL 593,369 (30 September 2020: TL 1,102,108) including capitalized financial expense amounts to TL 180,847 (30 September 2020: TL 74,503). TL 377,871 of the amount is in tangible assets (30 September 2020: TL 614,596), TL 140,098 (30 September 2020: TL 440,256) is presented in contact assets (Note 10), and TL 75,400 (30 September 2020: TL 47,256) is presented in financial assets related to concession agreements (Note 5).

Group has chosen revaluation method among application methods mentioned under IAS 16 with respect to measurement and disclosure of the Group's power plants at fair value commencing from 31 December 2013. As at 31 December 2020, the Group has revalued its power plants and the revaluation fund has been accounted in the consolidated statement of financial position. The valuation studies related to the domestic power plants at the mentioned date have been performed by Aden Gayrimenkul Değerleme ve Danışmanlık AŞ and the valuation study related to the plant established in Pakistan has been performed by A A Baig & Co. Chartered Accountants.

As at 30 September 2021 and 30 September 2020, the movements for revaluation fund are as follows:

<b>1 January 2020</b>	<b>3,211,890</b>
Revaluation fund of subsidiary sold	(201,378)
Depreciation transfer	(180,048)
Revaluation fund	1,363,377
<b>30 September 2020</b>	<b>4,193,841</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

<b>1 January 2021</b>	<b>4,583,615</b>
Depreciation transfer	(179,237)
<b>30 September 2021</b>	<b>4,404,378</b>

Collateral, pledges and mortgages on property, plant and equipment are presented in Note 11.

Breakdown of depreciation and amortisation expenses under cost of sales, operating expense and other operating expense have been presented in Note 14 and Note 15.

#### NOTE 10 - CONTRACT ASSETS

	<b>30 September 2021</b>	<b>31 December 2020</b>
Other contract assets	219,737	79,639
	<b>219,737</b>	<b>79,639</b>

A contract asset consist of investment expenditures related to ongoing investments. An entity presents the contract as a contract asset - excluding amounts presented as receivables from service concession arrangements - when it performs its performance related to ongoing investments before the submission of relevant investment expenditures as a part of Regulatory Asset Base for the approval of the grantor.

#### NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### 11.1 Contingent assets

	Currency	30 September 2021		31 December 2020	
		Original amount	TL equivalent	Original amount	TL equivalent
Letters of guarantees received	TL	541,352	541,352	544,161	544,161
Letters of guarantees received	USD	2,536	22,427	5,567	40,865
Letters of guarantees received	EUR	139	1,434	2,402	21,637
Cheques received	TL	14,702	14,702	14,368	14,368
Cheques received	USD	98	867	782	5,740
Cheques received	EUR	169	1,743	176	1,585
		<b>582,525</b>		<b>628,356</b>	

Guarantee letters received consist of the letters, cheques and notes received from customers in relation to the Group’s operations.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### 11.2 Guarantees, pledges and mortgages given by the Group

The Group’s guarantees, pledges and mortgages (“GPM”) as at 30 September 2021 and 31 December 2020 are summarized as follows:

	Original currency	30 September 2021		31 December 2020	
		Original amount	TL equivalent	Original equivalent	TL amount
<b>GPM’s given by the Group</b>					
Total amount of GPM’s given					
for companies’ own legal entity	USD	128,830	1,139,282	254,565	1,868,634
	EUR	-	-	130,000	1,171,027
	TL	6,048,485	6,048,485	4,352,167	4,352,167
	PKR	7,525,652	387,496	7,525,652	342,116
Total amount of GPM given for the subsidiaries and associates in the full scope of consolidation					
	TL	155,348	155,348	35,595	35,595
	USD	7,954	70,340	7,550	55,421
	EUR	--	--	7,300	65,758
Total amount of GPM given for the purpose of maintaining operating activities					
	USD	20,060	177,397	19,810	145,415
	EUR	481	4,961	350	3,153
	NIS	7,298	20,115	7,298	16,702
	TL	--	--	--	--
Total amount of other GPMs given					
		--	--	--	--
			<b>8,003,424</b>		<b>8,055,988</b>

Letters of guarantees given generally consist of letters given to government agencies for the electricity and gas transmission and distribution (mainly to “EMRA” and government agencies providing electricity and gas transmission and distribution) and natural gas suppliers for the procurement of natural gas and banks for borrowings obtained. The ratio of other guarantees, pledges and mortgages given by the Group to the total equity is 0% as at 30 September 2021 (31 December 2020: 0%).

As mentioned in Note 2.1 the condensed consolidated interim financial information for the period then ended 30 September 2021 should be read in conjunction with the annual consolidated financial statements for the year then ended 31 December 2020.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

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#### NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### 11.2 Guarantees, pledges and mortgages given by the Group

###### *Zorlu Doğal:*

The bank loans in respect of Tranche C has been prepaid early on 8 June 2021 with the proceeds of the Eurobond issuance.

###### *Zorlu Jeotermal:*

The outstanding project financing loan amount of Zorlu Jeotermal has been paid early on 13 July 2021 with the proceeds of Eurobond issuance. On 16 July 2021, assignment of EPIAŞ receivables, assignments of receivables, account pledge, share pledge, assignment of receivables under the subordinated loan agreement, guarantees and on 29 July 2021, mortgage agreement and commercial enterprise pledge for the project financing of Zorlu Jeotermal have been released after the bank loan has been prepaid early.

Zorlu Jeotermal is the guarantor for the USD 300 million of 9% bonds issued by Zorlu Yenilenebilir. On 30 July 2021 account pledge, share pledge and on 6 August 2021 assignment of EPIAŞ receivables and assignment of trade receivables agreements are signed by Zorlu Jeotermal as the collateral for the eurobond issuance. EPIAŞ receivable transfer amount cap in the scope of the assignment of EPIAŞ receivables is TL 6,000,000. Since EPIAŞ's receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Group note.

###### **Rotor:**

The bank loan has been prepaid early on 15 June 2021 with the proceeds of the Eurobond issuance. On 14 July 2021, mortgage agreement, commercial enterprise pledge, share pledge, account pledge, assignment of receivables and assignment of insurance receivables agreements and guarantees for the project financing of Rotor have been released after the bank loan has been paid early.

Rotor Elektrik Üretim is the guarantor for the USD 300 million of 9.00% bonds issued by Zorlu Yenilenebilir. On 30 July 2021 account pledge, share pledge and on 6 August 2021 assignment of EPIAŞ receivables and assignment of trade receivables agreements are signed by Rotor as the collateral for the Eurobond issuance. EPIAŞ receivable transfer amount cap in the scope of the assignment of EPIAŞ receivables is TL 6,000,000. Since EPIAŞ's receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Group note.

###### **Zorlu Yenilenebilir:**

Zorlu Yenilenebilir issued USD 300 million of 9% senior secured bonds guaranteed on a senior basis by Zorlu Jeotermal and Rotor with maturity due 1 June 2026. The bonds are listed on the Global Exchange Market of Euronext Dublin on 1 June 2021. The proceeds of the issuance will be used for repayment of certain existing financial indebtedness as well as existing shareholder loans, funding new investments and general corporate purposes. On 31 July 2021, offshore account pledge, on 30 July 2021 account pledge, share pledge agreements and on 6 August 2021 assignment of trade receivables agreements are signed by Zorlu Yenilenebilir as the collateral for the Eurobond issuance.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

##### Derivative financial instruments

	30 September 2021						Carried at fair value through profit or loss	Carried at fair value under hedge reserves
	Contract amount (USD)	Contract amount (EUR)	Total contract amount (TL)	Fair value asset	Fair value liability			
Cross currency swap agreements held for hedging	--	--	--	--	--	588	--	
Forward agreements	24,572	--	217,298	--	(1,977)	19,053	--	
Interest rate swap agreements held for hedging	575,235	--	5,086,976	--	(227,088)	23,429	(150,232)	
	<b>599,807</b>	<b>--</b>	<b>5,304,274</b>	<b>--</b>	<b>(229,065)</b>	<b>43,070</b>	<b>(150,232)</b>	

  

	31 December 2020						Carried at fair value through profit or loss	Carried at fair value under hedge reserves
	Contract amount (USD)	Contract amount (EUR)	Total contract amount (TL)	Fair value asset	Fair value liability			
Cross currency swap agreements held for hedging	--	15,381	138,551	3,749	--	1,176	3,469	
Cross currency swap agreements	--	--	--	--	--	2,541	--	
Forward agreements	24,572	10,857	278,170	--	(21,030)	(21,030)	--	
Interest rate swap agreements held for hedging	575,235	--	4,222,513	--	(306,278)	(19,282)	(194,839)	
	<b>599,807</b>	<b>26,238</b>	<b>4,639,234</b>	<b>3,749</b>	<b>(327,308)</b>	<b>(36,595)</b>	<b>(191,370)</b>	

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments are initially recognized in the condensed consolidated interim statement of financial position at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group consist of interest rate swap and cross currency swaps.

On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognized asset or liability (“fair value hedge”) or a hedge of a forecasted transaction or a firm commitment (“cash flow hedge”). Interest rate swap transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for hedging. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in “Other comprehensive income/(expenses) to be reclassified to profit or loss” under “hedge reserves” whereas ineffective portion is recognized in the consolidated statement of profit or loss. Amounts recognized under equity are transferred to the consolidated statement of profit or loss in the period in which the hedged firm commitment or forecasted transaction affects the consolidated statement of profit or loss.

As at 30 September 2021, the Group has a forward purchase commitment amounts to USD 24,572 thousand (31 December 2020: USD 24,572 thousand) against a sale commitment of TL 237,063 (31 December 2020: USD 237,063) and forward sales commitment amounts to USD 17,854 thousand against a purchase commitment of EUR 15,381 thousand. In addition, forward purchase commitment amounts to USD 12,637 thousand against a sale commitment of EUR 10,857 thousand.

#### Non-derivative financial instruments

	<u>30 September 2021</u>			<u>31 December 2020</u>		
	Original amount		Carried at fair value through other comprehensive income (TL) (*)	Original amount		Carried at fair value through other comprehensive income (TL) (*)
	USD	EUR		USD	EUR	
Hedged amount for foreign currency risk	909,338	--	(4,508,299)	914,202	--	(3,667,006)
	<b>909,338</b>	<b>--</b>	<b>(4,508,299)</b>	<b>914,202</b>	<b>--</b>	<b>(3,667,006)</b>

(\*) The Group uses investment loans amounting to USD 909,338 thousand and as a hedging instrument against the USD exchange rate risk which the Group is exposed to due to highly probable YEKDEM sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed.



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The movements of derivative financial instruments are as follows:

	2021	2020
<b>As at 1 January</b>	<b>(323,559)</b>	<b>(145,019)</b>
Carried at fair value through profit or los		
- Gain/ (loss) on derivative instruments (Note 16)	43,070	(351)
Carried at fair value through other comprehensive income		
- Hedged amount for financial risk	51,424	(173,229)
<b>30 September</b>	<b>(229,065)</b>	<b>(318,599)</b>

The movements of non derivative financial instruments are as follows:

	2021	2020
<b>As at 1 January</b>	<b>(3,667,006)</b>	<b>(2,550,169)</b>
Carried at fair value through other comprehensive income		
- Hedged amount for financial risk	(820,948)	(1,572,203)
Transfers	(20,345)	--
<b>30 September</b>	<b>(4,508,299)</b>	<b>(4,122,372)</b>

#### NOTE 13 - EQUITY

##### a) Share capital

	30 September 2021	31 December 2020
Limit on registered share capital	6,000,000	3,000,000
Issued capital (*)	2,500,000	2,000,000

(\*) As per the decision of the Board of Directors of the company dated April 29, 2021, within the registered capital ceiling of the company, which was determined as 6,000,000 TL, it has been decided to increase the issued capital of TL 2,000,000 to TL 2,500,000 by increasing by TL 500,000, fully covered in cash. As per the material event disclosure dated 6 August 2021, it was announced that the registration statement for the Company's paid capital increase was approved in the CMB's bulletin dated 5 August 2021 and numbered 2021/38. The approved registration statement was notified to the Company on 9 August 2021 and published on the Public Disclosure Platform (KAP) on the same date. 193,564 TL portion of the capital increase of 500,000 TL was covered in cash in 2021, and the remaining 306.436 TL portion was paid in 2020 from the capital advance of Zorlu Holding, the main shareholder of the Company, in cash.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 13 – EQUITY (Continued)

The Group’s shareholders and shareholding structure as at 30 September 2021 and 31 December 2020 are as follows:

	Share (%)	30 September 2021	Share (%)	31 December 2020
Zorlu Holding	47.08	1,177,018	45.97	919,365
Korteks	17.55	438,687	17.55	350,949
Publicly held (*)	34.97	874,295	34.73	694,512
Other	0.40	10,000	1.75	35,174
	<b>100.00</b>	<b>2,500,000</b>	<b>100.00</b>	<b>2,000,000</b>
<b>Adjustment to share capital</b>		<b>110,948</b>		<b>110,948</b>
<b>Total</b>		<b>2,610,948</b>		<b>2,110,948</b>

(\*) TL 355,164 and the portion equivalent to 14.21% of the total capital represent the shares that belong to Zorlu Holding.

As of 30 September 2021 and 31 December 2020, the Group's capital inflation adjustment differences amounted to TL 102,575, representing the adjustment difference arising from the adjustment of the Group's paid-in capital amount according to inflation and not offset with previous years' losses.

#### b) Legal Reserves

Restricted Reserves reserve for specific purposes other than profit from previous period, due to law or contractual obligations or other profit distributions. These reserves are shown in the amounts in the statutory records of the Group and difference arising in preparing the consolidated financial statements in accordance with TFRS are associated with prior years’ profit or loss.

As at 30 September 2021 restricted reserves comprised of legal reserves amounting to TL 7,931 (31 December 2020: TL 7,931).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 14 - EXPENSES BY NATURE

	1 January - 30 September 2021	1 January - 30 September 2020
Retail electricity purchase expense	1,992,783	1,652,175
Natural gas purchase expense	1,329,323	1,098,097
Electricity generation and wholesale purchase expense	1,271,298	967,619
Depreciation and amortisation (*)	462,867	395,335
Employee and personnel expenses (**)	248,844	201,043
Energy purchase related to distribution	240,075	133,959
System usage expenses	193,224	184,193
Other	491,493	398,360
	<b>6,229,907</b>	<b>5,030,781</b>

(\*) The total amount of depreciation and amortization expense is TL 567,789 (30 September 2020: TL 493,017). TL 462,867 (30 September 2020: TL 395,335) of the amount is presented expense by nature and TL 104,922 (30 September 2020: TL 97,682) of the amount is presented in other operating expense (Note 15).

(\*\*) The total amount of employee and personnel expenses is TL 248,844 (30 September 2020: TL 201,043) and TL 13,682 of the amount accounted under selling and marketing expenses (30 September 2020: TL11,634), TL 94,979 of amount accounted under general and administrative expense (30 September 2020: TL 76,568) and TL 140,183 of the amount is accounted under cost of sales (30 September 2020: TL 112,841).

#### NOTE 15 - OTHER OPERATING INCOME AND EXPENSE

##### a) Other operating income:

	1 January - 30 September 2021	1 January - 30 September 2020
Indexation difference on receivables from service concession arrangements (Note 5)	375,471	192,413
Interest income from distribution activities	336,566	261,207
Interest income from trading activities	46,959	24,197
Foreign exchange gain from trading activities	26,628	2,041
Gain on sale of property, plant and equipment	989	18,926
Gain on sale of subsidiary	--	40,160
Other	63,705	33,987
	<b>850,318</b>	<b>572,931</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 15 - OTHER OPERATING INCOME AND EXPENSE (Continued)

##### b) Other operating expense:

	1 January - 30 September 2021	1 January - 30 September 2020
Indexation of deposits received (*)	136,812	63,497
Depreciation of service concession arrangements	84,189	84,317
Expenses from the non-operating section	32,036	--
Indemnity expense	31,172	--
Interest expense from trading activities	24,497	24,784
Foreign exchange loss from trading activities	23,312	8,948
Depreciation of customer relations	20,733	13,365
Income accrual cancelation	7,069	--
Other	39,347	51,960
	<b>399,167</b>	<b>246,871</b>

(\*) The balance consists of indexation effect of paid deposits amounts to TL 24,691 (30 September 2020: TL 25,928)

#### NOTE 16 - FINANCIAL INCOME AND EXPENSES

##### a) Financial income:

	1 January - 30 September 2021	1 January - 30 September 2020
Foreign exchange gains	638,316	850,222
Interest income	205,311	179,630
Income on derivative instruments	43,070	--
	<b>886,697</b>	<b>1,029,852</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

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#### NOTE 16 - FINANCIAL INCOME AND EXPENSES (Continued)

##### b) Financial expense:

	1 January - 30 September 2021	1 January - 30 September 2020
Interest expense (*)	1,439,727	1,202,745
Foreign exchange loss (*)	1,112,618	993,117
Bank commission and other financial expenses	118,393	63,704
Loss on derivative instruments	--	351
	<b>2,670,738</b>	<b>2,259,917</b>

(\*) As at 30 September 2021, capitalized borrowing cost on property, plant and equipments is TL 180,847 (30 September 2020: TL 74,503).

#### NOTE 17 - RELATED PARTY TRANSACTIONS

##### i) Related party balances:

##### a) Short-term trade receivables from related parties

	30 September 2021	31 December 2020
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ (“Meta Nikel”)	55,965	24,913
Vestel Beyaz Eşya Sanayi ve Ticaret AŞ (“Vestel Beyaz Eşya”)	17,659	10,887
Vestel Elektronik Sanayi ve Ticaret AŞ (“Vestel Ticaret”)	8,328	13,728
Zorluteks Tekstil Ticaret ve Sanayi AŞ (“Zorluteks”)	2,789	2,631
Korteks	--	5,785
Other	9,044	1,793
	<b>93,785</b>	<b>59,737</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

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

#### NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

##### b) Short-term other receivables from the related parties

	30 September 2021	31 December 2020
Zorlu Holding (*)	772,150	720,901
Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ ("Zorlu O&M") (**)	226,260	166,256
Zorlu Doğal Gaz İthalat İhracat ve Toptan AŞ ("Zorlu Doğal Gaz İthalat")	58,933	44,220
Other	5,543	4,976
	<b>1,062,886</b>	<b>936,353</b>

(\*) The maturity of TL 772,150 portion of the Group's total receivables from Zorlu Holding amounts to TL 1,936,050 is less than one year. TL 119,795 portion of short term receivables is back-to-back loans and the applied interest rate is 23.5%. The interest rates for the remaining USD 20,802 thousand and EUR 29,299 thousand of back-to-back loans are between 6.25% and 11.75% for USD, between 6.5% and 8.5% for EUR. The interest rate of the USD remaining short term receivable in the nature of financing amounts to USD 18,797 thousand is 7% which is determined in the market conditions and is applied for USD (31 December 2020: 7%).

(\*\*) The interest rate of the Group's receivable for financing purpose amounts to USD 25,585 thousand is 7% which is determined in the market conditions (31 December 2020: 7%).

##### c) Long-term other receivables from related parties

	30 September 2021	31 December 2020
Zorlu Holding (*)	1,163,900	957,765
Ezotech (**)	296,065	245,823
Edeltech (**)	103,702	102,395
O&M Pakistan	32,490	21,931
Solad (**)	29,073	24,132
Other	11,154	8,053
	<b>1,636,384</b>	<b>1,360,099</b>

(\*) TL 1,163,900 of Group's total receivables amounting to TL 1,936,050 from Zorlu Holding is more than one year. USD 19 million of the amount is the back-to-back loans and the applied interest rates are 11.75%, respectively. The remaining long term receivables amounts to USD 112.3 million is provided for financing purpose and the applied interest rate that determined in market condition is 7% for USD (31 December 2020: 7%).

(\*\*) The receivables from Ezotech, Solad and Edeltech consist of the amounts provided for the power plant projects in Israel.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

i) **Related party balances (Continued):**

d) **Short-term trade payables to related parties**

	30 September 2021	31 December 2020
Zorlu Yapı Yatırım AŞ	28,738	83
Zorlu O&M	12,162	15,740
Zorlu Holding	7,380	3,652
Zorlu Gayrimenkul Geliştirme ve Yatırım AŞ	106	10,512
Zorlu Dış Ticaret AŞ	--	10,512
Linens Pazarlama Ticaret AŞ	--	10,425
Other	7,319	3,100
	<b>55,705</b>	<b>54,024</b>

e) **Short-term other payables to related parties**

	30 September 2021	31 December 2020
Zorlu OM	3,429	3,109
Zorlu Holding	--	332,620
Korteks	--	31,288
Other	400	981
	<b>3,829</b>	<b>367,998</b>

f) **Short-term financial liabilities to related parties**

	30 September 2021	31 December 2020
Zorlu Faktoring AŞ	43,863	41,886
	<b>43,863</b>	<b>41,886</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

##### ii) Transactions carried out with related parties for the period 1 January – 30 September 2021 and 2020 are as follows:

All other transactions between the Company and its subsidiaries that are not specified in this note are eliminated during consolidation. The details of the transactions between the Group and other related parties are explained below.

	Sales	Purchases	Operating expenses and other income/ (expenses), net	Interest income/ (expenses), net	Foreign exchange income/(expenses), net
<b>1 January - 30 September 2021</b>					
Korteks	153,036	--	1,101	(1,152)	--
Zorluteks	66,472	(2)	(47)	--	--
Vestel Elektronik	40,397	--	1,676	--	--
Vestel Beyaz Eşya	32,755	--	1,885	--	--
Zorlu Tesis Yönetimi AŞ	29,972	--	(1,374)	--	--
Meta Nikel	17,700	--	5,498	--	--
Zorlu Holding	263	(404)	(4,135)	112,008	343,059
Zorlu O&M	328	(33,265)	123	22,270	67,980
Edeltech	--	--	1,976	1,216	20,644
Ezotech	--	--	--	15	50,226
Other	3,662	(68)	(11,298)	2,820	15,458
	<b>344,585</b>	<b>(33,739)</b>	<b>(4,595)</b>	<b>137,177</b>	<b>497,367</b>

	Sales	Purchases	Operating expenses and other income/ (expenses), net	Interest income/ (expenses), net	Foreign exchange income/(expenses), net
<b>1 January - 30 September 2020</b>					
Korteks	95,515	--	(258)	(1,510)	--
Zorluteks	54,126	(303)	(1,240)	(679)	--
Zorlu Tesis Yönetimi AŞ	10,284	--	(980)	--	--
Meta Nikel	18,028	--	(29)	--	--
Zorlu Holding	236	(24)	(11,795)	127,143	500,538
Zorlu O&M	692	(53,359)	(113)	10,998	45,390
Zorlu Endüstriyel	--	(132)	(75)	3,497	25,954
Edeltech	--	--	(8)	1,746	27,802
Zorlu Doğal Gaz Tedarik	--	(260,350)	188	(265)	(25)
Other	2,158	(2,848)	(10,859)	5,436	76,797
	<b>181,039</b>	<b>(317,016)</b>	<b>(25,169)</b>	<b>146,366</b>	<b>676,456</b>



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)

**ii) Transactions carried out with related parties for the period 1 January - 30 September 2021 and 2020 are as follows:**

Sales and purchases made to related parties, generally includes electricity and product and service sales and purchases within the framework of its main field of activity.

Interest income (expense) and exchange difference income (expense), are related to both financing and commercial transactions.

**iii) Key management compensations for the periods between 1 January - 30 September 2021 and 2020 are as follows:**

For the purpose of this consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 30 September 2021	1 January - 30 September 2020
Salaries	16,940	12,112

#### NOTE 18 - SUBSEQUENT EVENTS

Within the framework of the Prospectus approved by our company's Board of Directors decision dated 28 September 2021 and numbered 2021/58 and the Capital Markets Board's decision dated 5 August 2021 and numbered 39/1174;

Within the registered capital ceiling of TL 6,000,000, the issued capital of TL 2,000,000 was increased by TL 500,000 to TL 2,500,000; As a result of the fact that the shares with a nominal value of TL 805.407 remaining after the exercise of the right to purchase new shares, excluding set-off, were offered for sale on the Borsa İstanbul AŞ Primary Market for 2 business days between 14-15 September 2021, the issued capital of the Company increased to TL 2.500.000.

Due to the fact that the public offering of the shares with a nominal value of TL 500,000, increased in cash, was completed within the framework of the conditions specified in the Prospectus set and the capital increase transactions were completed within the framework of the Capital Markets Law and the secondary regulations of the Capital Markets Board, since the prices were fully paid in cash, the Company's Articles of Association The amendment of Article 6, titled “Capital”, was approved by the CMB on 22 October 2021, and was registered with Bursa Trade Registry Office on 27 October 2021 and announced in the Turkish Trade Registry Gazette.

Pursuant to the material event disclosure dated 27 October 2021, in line with the approvals received from the CMB, the sales transactions of the lease certificates based on the management contract, with a maturity of 210 days and amounting to TL 33,530, of which Zorlu Enerji is the fund user, have been completed.

Our 100% subsidiary, ZES NV, established in the Netherlands, aims to carry its activities including the sale, installation and operation of electric vehicle charging stations in Turkey through the affiliates of our company, as well as the transfer of projects in this regard to the European Union and surrounding countries and to operate in this scope in the relevant countries. “Zorlu Energy Solutions (ZES) Israel Ltd.” with a capital of NIS 1,800, of which 100% is a direct shareholder. A new company with the title was established in Israel on 31 October 2021.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ AND ITS SUBSIDIARIES

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

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

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#### NOTE 18 - SUBSEQUENT EVENTS (Continued)

Based on the material event disclosure dated 19 November 2021, our Company's activities including the sale, installation and operation of electric vehicle charging stations in Turkey, as well as the projects in this regard, to be carried to the European Union and surrounding countries and to operate within this scope in the relevant countries, in the Netherlands. As a 100% direct shareholder of our 100% subsidiary, ZES NV, companies with the titles "Zorlu Energy Solutions (ZES) Israel Ltd." were established in Israel, "ZES DOO" in Montenegro and "ZES SRL" in Italy.

Based on the material event disclosure dated 2 December 2021, our Company's activities including the sale, installation and operation of electric vehicle charging stations in Turkey, as well as the projects in this regard, to be carried to the European Union and surrounding countries, and to operate in this scope in the relevant countries, in the Netherlands. A company with the title "ZES društvo s ograničenom odgovornošću za usluge" was established in Croatia as a 100% direct shareholder of our 100% subsidiary, ZES NV.

As per the material event disclosure dated 21 December 2021, the 4th unit of the Tercan hydroelectric power plant, owned by Zorlu Doğal, of which the Company is a 100% shareholder, with a power of 2.04 MWm/1.90 MWe was canceled and an application has been made to EMRA to amend the installed power in the generation license of the power plant to 15 MWm/15 MWe, which is the current installed power of the power plant.

As per the material event disclosure dated 21 December 2021, Zorlu Dogal, a 100% subsidiary of the Company, aims to establish a "Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP)" to generate electricity from solar energy in integration with the Kızıldere 2 Geothermal Power Plant, which has an installed capacity of 80 MWm/80 MWe, operated in Sarayköy, Denizli. In this context, an application was made to the Energy Market Regulatory Authority to amend the current electricity generation license of the power plant to 91,995 MWm / 80 MWe.

As per the material event disclosure dated 21 December 2021, Zorlu Jeotermal, a 100% subsidiary of the Company, aims to establish a "Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP)" to generate electricity from solar energy in integration with the Alaşehir 1 geothermal power plant, which has an installed power of 45 MWe, in Manisa Alaşehir. In this context, the application made to the Energy Market Regulatory Authority to amend the existing electricity generation license of the power plant to 48,5880 MWm / 45 MWe has been accepted.

As per the material event disclosure dated 21 December 2021, Zorlu Dogal, a 100% subsidiary of the Company, aims to establish a "Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP)" to generate electricity from solar energy in integration with the Kızıldere 3 Geothermal Power Plant, which has an installed capacity of 165 MWm/165 MWe, operated in Aydın, Buharkent. In this context, an application was made to the Energy Market Regulatory Authority to amend the current electricity generation license of the power plant to 189.75 MWm/165 MWe.

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