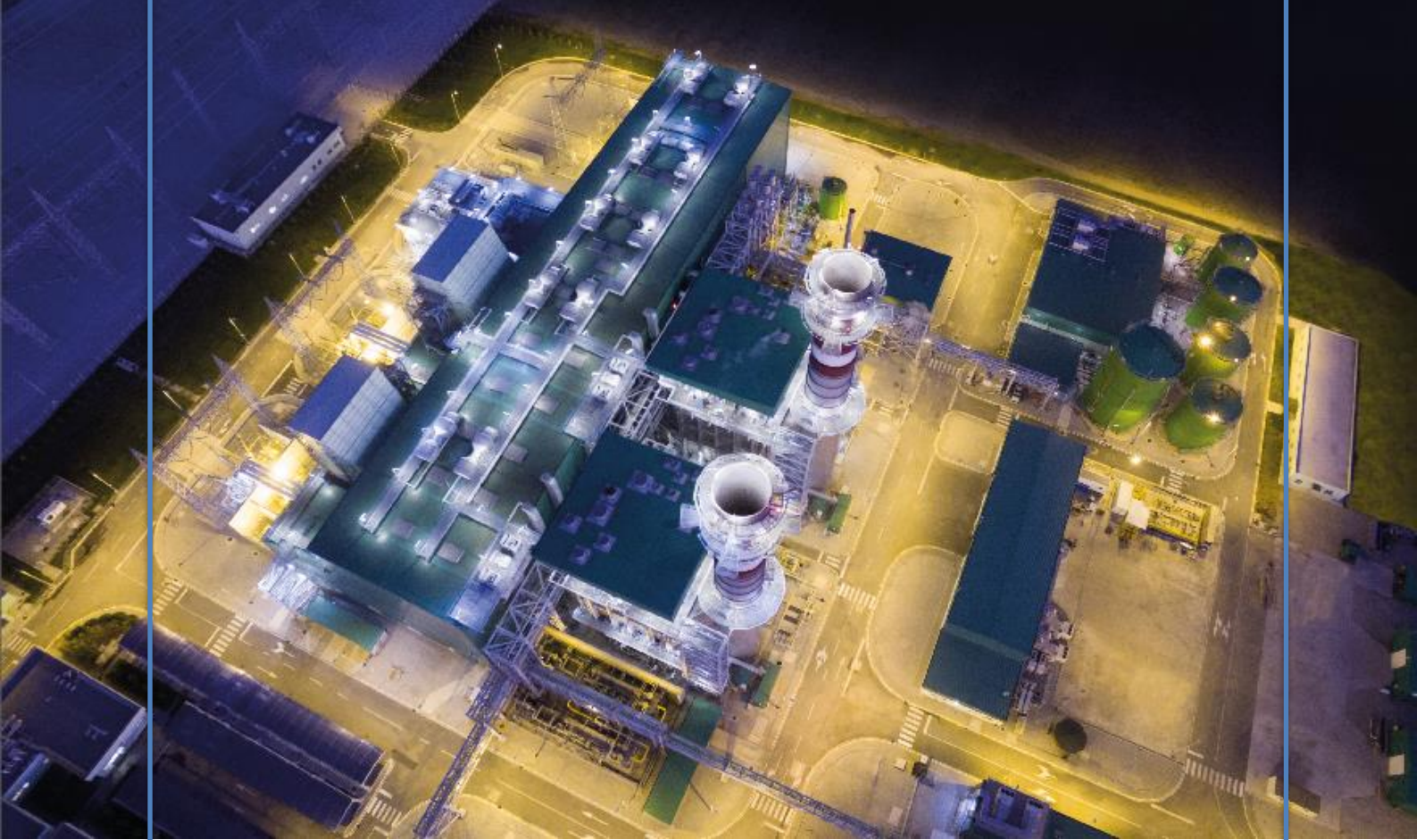




AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**THE ACTIVITY REPORT OF THE BOARD OF DIRECTORS PREPARED
IN ACCORDANCE WITH THE COMMUNIQUE SERIAL II, No:14.1
PREPARED FOR THE PERIOD 1 JANUARY 2020 – 30 JUNE 2020**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT ON SEMI-ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Akenerji Elektrik Üretim A.Ş.

Introduction

We have been assigned to the review whether the financial information in the semi-annual report of Akenerji Elektrik Üretim A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) prepared as at 30 June 2020 is consistent with the reviewed interim condensed consolidated financial information. Management is responsible for the preparation of the semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the semi-annual report is consistent with the reviewed interim condensed consolidated financial information on which we have expressed our conclusion dated 14 August 2020.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity”. Our review includes the assessment as to whether the financial information included in the semi-annual report is consistent with the reviewed interim condensed consolidated financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the semi-annual financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been 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 conclude that the accompanying financial information included in the review report is not consistent, in all material respects, with the interim financial information and the information presented in the explanatory notes to interim condensed consolidated financial statements.

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

Çağlar Sürücü, SMMM
Partner

Istanbul, 14 August 2020



ACTIVITY REPORT PREPARED FOR THE INTERIM PERIOD

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I – COMPANY PROFILE

Company Information

Title of Partnership	: AKENERJİ ELEKTRİK ÜRETİM ANONİM ŞİRKETİ
Stock Exchange	: Istanbul Stock Exchange (“ISE”)
Addresses of our Offices	:
AKENERJİ İSTANBUL	Miralay Şefik Bey Sokak Akhan No:15 Kat:3-4 Taksim-İSTANBUL
AKENERJİ ANKARA	Ege Plaza Konya Yolu (Mevlana Bulvarı) No:182 Kat:6 Daire:23 Balgat-Çankaya/ANKARA
AYYILDIZ WEPP	Aldede Deliklitaş Mevkii Ayyıldız Tepe Edincik-Bandırma/BALIKESİR
ULUABAT HEPP	Akçalar Fadıllı Köyü Yolu 5.km Nilüfer/BURSA
BURÇ HEPP	Aşağı Ağızlı Köyü Burç Mah. Besni/ADIYAMAN
BULAM HEPP	Doğanlı Köyü Mevkii Merkez/ADIYAMAN
FEKE I HEPP	Sülemişli Mah. Sülemişli Küme Evleri No:1 Feke/ADANA
FEKE II HEPP	Kısacıklı Köyü İçmeler Mevkii Feke/ADANA
GÖKKAYA HEPP	Himmetli Köyü Suçatı Mah.No:102 Saimbeyli/ADANA
HİMMETLİ HEPP	Himmetli Mah.Dravlı Sok. No:84 Saimbeyli/ADANA
ERZİN NGCCP	Mahmutlu Mahallesi Burnaz Küme Evleri No.1 Erzin/HATAY
Web Site	: www.akenerji.com.tr
E-mail address	: info@akenerji.com.tr
Phone number	: 00 90 (212) 249 82 82
Fax number	: 00 90 (212) 249 73 55

Akenerji in Brief

Having commenced operations in 1989 as an autoproducer group under the umbrella of the Akkök Group of Companies, Akenerji Elektrik Üretim A.Ş. (“the Company”) has been operating as the first independent electricity generation company established as an autoproducer since 2005. Being one of the largest players with its experience of more than 31 years in energy sector of Turkey, Akenerji focused to become an integrated energy company by providing energy systems optimization and management services for industrial and commercial customers on energy efficiency services as well as its electricity generation and wholesale electricity trading operations.

Akenerji is a strategic partnership of joint venture between Akkök Holding, and Europe’s leading power company, the ČEZ Group and has the sole capacity to meet 3% of Turkey’s power need, with its total installed power of 1,224 MW as of today. By putting the hydroelectric power plants and wind power plants into use in stages, Akenerji in total achieved a total renewable energy generation capacity of 320 MW and the Erzin natural gas combined cycle plant with a generation capacity of 904 MW has started its operations on July, 2014.

Project works for Kemah Hydroelectric Power Plant, with an installed capacity of 198 MW and a production capacity of 560MWh, which is planned to be established in Erzincan, are continuing.

The nature of business and registered addresses of the subsidiaries of the Company (“Subsidiaries”) are provided below:

Subsidiary	Nature of business	Registered address
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	Electricity trading	Gümüşsuyu / İstanbul
Ak-El Kemah Elektrik Üretim A.Ş.	Electricity production and trading	Gümüşsuyu / İstanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	Natural gas trading	Gümüşsuyu / İstanbul

Akenerji together with its subsidiaries will be referred as “the Group”.

Capital and Shareholding Structure

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares whose nominal value is TL1 (“one Turkish Lira”). As of 30 June 2020 and 31 December 2019 the share capital and the limit on registered share capital are as follows:

	30 June 2020	31 December 2019
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company’s shareholders and shareholding structure as of 30 September 2019 and 31 December 2018 are as follows:

	Share (%)	30 June 2020	Share (%)	31 December 2019
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş.	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
	100,00	729.164.000	100,00	729.164.000
Adjustment to share capital		101.988.910		101.988.910
		831.152.910		831.152.910

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr and no privilege rights are provided for any kind of shares.

Board of Directors and Committees

Board of Directors (“BoD”):

NAME - SURNAME	TITLE	TERM
SERHAN GENÇER	BoD Member / Chief Executive Officer	Assigned on 17 April 2019 for a three years period.
AHMET CEMAL DÖRDÜNCÜ	Chairman of the BoD	Assigned on 17 April 2019 for a three years period.
TOMAS PLESKAC	Vice President of the BoD	Assigned on 17 April 2019 for a three years period.
JAROSLAV MACEK	BoD Member	Assigned on 17 April 2019 for a three years period.
PETR KALAS	Independent BoD Member	Assigned on 17 April 2019 for a three years period.
PETR DOKLADAL	BoD Member / Deputy General Manager	Assigned on 17 April 2019 for a three years period.
YAHYA MEHMET İZZET ÖZBERKİ	Independent BoD Member	Assigned on 17 April 2019 for a three years period.
ÖZLEM ATAÜNAL	BoD Member	Assigned on 17 April 2019 for a three years period.

Key Management Compensation:

	1 January – 30 June 2020	1 January – 30 June 2019	1 April – 30 June 2020	1 April – 30 June 2019
Bonus payment	2.164.078	1.647.562	1.082.039	886.533
Salaries and benefits	2.822.088	1.531.960	-	-
Attendance fee	392.948	399.470	202.027	206.530
	5.379.114	3.578.992	1.284.066	1.093.063

Jurisdictions of Board of Directors:

Board of Directors of Akenerji Elektrik Üretim A.Ş. (“Company”) have adopted the following resolution in accordance with the Article 390/4 of Turkish Commercial Code:

1. AHMET CEMAL DÖRDÜNCÜ to be assigned as the Chairman of the Board of Directors
2. TOMAS PLESKAC to be assigned as Vice-Chairman of Board of Directors,
3. The signatories authorized to represent and bind our Company and the signatory groups be determined as follows:

(A) GROUP SIGNATURE

AUTHORITIES

AHMET CEMAL DÖRDÜNCÜ
Chairman of the BoD

ÖZLEM ATAÜNAL
BoD Member

SERHAN GENÇER
BoD Member/Chief Executive Officer

(C) GROUP SIGNATURE

AUTHORITIES

SERHAT ERGİN BAYKARA
Corporate Governance Director

ÖZGE ÖZEN AKSOY
Deputy Chief Financial Officer

CAN GÜLCAN
Power Generation Director

(B) GROUP SIGNATURE

AUTHORITIES

TOMAS PLESKAC
Vice President of the BoD

JAROSLAV MACEK
BoD Member

PETR DOKLADAL
BoD Member/Deputy Chief Executive Officer

(D) GROUP SIGNATURE

AUTHORITIES

ONDREJ DVORAK
Chief Financial Officer

(E) GROUP SIGNATURE

AUTHORITIES

YUSUF HÜSEYİN YÜCEBAŞ
Government Relations Coordinator

ORKUN EYİLİK
Commercial Director

4. The representation of our Company shall be as follows:

- I. Our Company shall be represented and bound and be indebted and engaged in the broadest sense with JOINT SIGNATURES of a GROUP (A) signatory and a GROUP (B) signatory to be affixed under the corporate seal of the Company.
- II. Our Company shall be represented and bound with JOINT SIGNATURES of GROUP (A) signatory must be the Chairman, AHMET CEMAL DÖRDÜNCÜ or the Member of Board of Directors/General Manager, SERHAN GENÇER and the GROUP (B) signatory must be the Vice-Chairman, TOMAS PLESKAC or the Member of Board of Directors/Deputy General Manager, PETR DOKLADAL under the corporate seal of the Company on the issues stated in Article 5/ (I) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.
- III. Our Company shall be represented and bound with JOINT SIGNATURES of a GROUP (A) signatory and a GROUP (B) signatory or GROUP (D) signatory under the corporate seal of the Company on the issues stated in Article 5/ (II) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.
- IV. Our Company shall be represented and bound with JOINT SIGNATURES of a GROUP (A) signatory or a GROUP (C) signatory and a GROUP (B) signatory or GROUP (D) signatory under the corporate seal of the Company on the issues stated in Article 5/ (III) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.
- V. Our Company shall be represented and bound (i) with JOINT SIGNATURE of any two signatories from the GROUPS (A), (B), (C) and (D) or (ii) with JOINT signature one from GROUP (E) signatory and the other from any signatory from the GROUPS (A), (B), (C) and (D) to be affixed under the corporate seal of the Company on the issues stated in Article 5/ (IV) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.

Board of Directors of Akenerji Elektrik Üretim A.Ş. (“Company”) have adopted the following resolution in accordance with the Article 390/4 of Turkish Commercial Code:

To authorize our Company’s Business Support Director Ms. Duygu Erzurumlu Cengiz, to represent and bind our Company as Group (E) Signatory in accordance with the Article 5 of the Internal Regulation numbered 06 approved by our Board of Directors on 16.02.2018 and registered by İstanbul Trade Registry Office on 27.02.2018.

Information on BoD Members:

Ahmet Cemal Dördüncü **Chairman of the BoD**

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr. Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at H.O. Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Being the Chairman of the Executive Board of Akkök Holding since January 2013, Mr. Dördüncü serves as the Chairman of BoD of Akenerji, Akcez, Akiş GYO, Akyaşam and Gizem Frit'in and member of BoD at Akkök Holding and several other Akkök Group Companies. He also serves on the Boards of Directors at International Paper Co.

Tomáš Pleskač **Vice President of the BoD**

Born in 1966, Tomáš Pleskač graduated from Mendel University of Agriculture and Forestry (Brno), Faculty of Business and Economics in 1989, and received his MBA from Prague University. In 1994, Mr. Pleskač started his career at ČEZ Group and served as senior executive at various positions within the Group. Since 2006, Mr. Pleskač serves as member of the Board of Directors (and Vice-Chairman of the Board since September 26, 2017) at the ČEZ, a. s. He became a Division International Chief Officer in January 2008 and served as a Division International Chief Officer until December 2016 while between April 2012 and May 2014 he led Division Distribution and International Affairs. Following the transformation of ČEZ, a. s., Mr. Pleskač has served as the Chief Renewables and Distribution Officer since March 1, 2017. Mr. Pleskač is member of the Board of Directors at Akenerji since May 2009. Currently he holds a position of Deputy Chairman of the Board of Directors at Akenerji.

Petr DOKLADAL **BoD Member / Deputy General Manager**

Having graduated from Moscow State University of International Relations in 1983, Petr Dokládál received his postgraduate degree from Charles University Prague, Faculty of Social Sciences, and joined the Diplomatic Training Program at Stanford University in 1994. Mr. Dokládál began his career as civil servant in 1983 in the Czech Republic Ministry of Foreign Affairs, and served as Czech Republic diplomat in Vietnam, Consul General in Canada, and Ambassador to Bulgaria and Romania. In 2010, Mr. Dokládál joined the ČEZ Group and worked as ČEZ Bulgaria Country Manager, while he has also been a Board Member of Eurelectric in Brussels since 2013. Petr Dokládál has been working as Akenerji Deputy General Manager since October 2015 and as Member of Board of Directors of Akenerji since April 2016.

Serhan GENÇER
BoD Member / General Manager

Born in 1975 in Istanbul, Mr. Serhan Gençer graduated from the Department of Mechanical Engineering at Middle East Technical University. Started his professional career in 1998 at Unit Int. SA located in Belgium, where he worked in various countries in a variety of roles on several investment, business development projects, such as Project Manager and Project Development Manager, until December 2007. He worked as Project Director at Turcas Power & Gas Group from December 2007 to October 2009. Joined Akenerji as General Manager of Egemer Elektrik Üretim A.Ş. in October 2009, Gençer was appointed as Assistant General Manager of Akenerji responsible from generation at the beginning of 2013. In 2016, he appointed as the Vice General Manager of Akenerji responsible from trading by proxy in addition to his current duties and responsibilities. At the beginning of 2017, he was appointed as General Manager of Akenerji.

Jaroslav MACEK
BoD Member

Jaroslav Macek is currently responsible for the development of energy services in the CEZ Group companies outside the Czech Republic. He previously taken responsibility for the development and operation of the CEZ Group's foreign operations in and outside the Czech Republic. Jaroslav Macek also serves as Vice President or Member of the Audit Committee of various foreign companies belong to the CEZ Group. Jaroslav Macek speaks Russian on the basic level besides his fluent Czech and English. Before joining CEZ, he served as a member of the management team at Ukrsibbank (BNP Paribas group), and has been in charge of the Bank's Corporate Development Department, including preparation of the Bank's strategy and strategic developments. In addition, he worked at advisory department of PricewaterhouseCoopers responsible of performance improvement, financial and operational efficiency and development of practices.

Özlem Ataüinal
BoD Member

Born in 1967 at Düzce, Özlem Ataüinal graduated from Üsküdar American Academy in 1985, and from Uludağ University, department of Business Administrations in 1989. She worked in various positions, including Branch Manager and Head of the Customer Relations department at İktisat Bankası T.A.Ş. and Körfezbank A.Ş. She has been working for the Akkök Group since 2000, firstly as Budget and Finance Manager of Akenerji A. Ş., and was promoted to CFO at Akkök Holding A.Ş. in 2005. In 2012, she was appointed as Executive Committee Member responsible for Finance with her existing other duties and responsibilities. In the same year, she appointed as a board member for various companies of the group including publicly traded companies and companies with foreign partners. Strategy and business development was added to her responsibilities in 2016. Ataüinal is a member of the Early Detection of Risk Board at Akkök Holding, and since 2017, she has also been working as the Executive Committee Member responsible for the Energy Group. She has been appointed as the member of the Board of Directors at Akkök Holding A.Ş. in 2017.

Petr KALAS
Independent BoD Member

Born in 1940, Petr KALAS had his master's degree in 1963 from Czech Technical University in Prague as Honor Student. He has worked as an international consultant in the management of numerous programs and projects, including UNIDO (United Nations Industrial Development Organization) in energy and industrial planning areas in 55 countries. After that; He joined the Swiss government in charge of development support of 24 countries in Asia, Africa and Latin America. Kalas, with the World Bank, has conducted the donor-funded "Environment for Europe" program since 1994. He then served as director of the World Bank / Swiss National Joint Implementation / Clean Development Mechanism Strategy Work Program. In September 2006, he was appointed as the Czech Government Minister of Environment as a non-political expert. Between 2007 and 2013, he served as advisor to several ministers, including three prime ministers and ministers of environment and agriculture. As a member of international organizations, including the World Energy Council, he is also vice-president of the Czech branch of the World Business Council for Sustainable Development. Since 2014, he has chaired the Sustainable Energy Committee at the Government Council of Sustainable Development under the auspices of the Prime Ministry.

İzzet Özberki
Independent BoD Member

In 1979 Mr. Özberki graduated from the Faculty of Political Sciences at Ankara University. During 1979-1984, he worked as a lecturer at Gazi University in the Economics Department. From 1989-1991 he worked at Midland Bank Istanbul Branch at various levels, including Head of the Investment Banking Department. Between 1992 and 2001, he worked as a Corporate Consultant at Arkan & Arkan. In 2001 he joined Arkan & Ergin as a partner. He has a Corporate Financier (CF) degree from the Institute of Chartered Accountants of England and Wales.

Corporate Governance Committee:

NAME-SURNAME	TITLE
Petr KALAS	Chairman
Yahya Mehmet İzzet ÖZBERKİ	Member
Ondrej DVORAK	Member
Özge ÖZEN AKSOY	Member

Audit Committee:

NAME-SURNAME	TITLE
Yahya Mehmet İzzet ÖZBERKİ	Chairman
Petr KALAS	Member

Early Detection of Risk Committee:

NAME-SURNAME	TITLE
Yahya Mehmet İzzet ÖZBERKİ	Chairman
Petr KALAS	Member

II – ENERGY SECTOR IN BRIEF

According to TEİAŞ data, total electricity consumption was 142,2 TWh in the first six months of 2020, decreasing by 3,4% compared to 147,1 TWh in the first six months of 2019.

Total installed capacity of Turkey as of the end of June 2020 is announced as 92,097 MW (including unlicensed power plants). Private sector has the largest share in the installed capacity with a share of 67,8% , followed by EÜAŞ with a share of 21,9%, followed by unlicensed power plants with a share of 7% and followed by operating rights transferred plants with a share of 3% and followed by built-operate and built-operate-transfer plants with a share of 0,16%. Renewable sourced power plants hold a share of 49,4% in total installed capacity.

The average market price of the electricity in the first six months of 2020, in nominal terms, realized as 255,63 TL, which is 14,4% higher compared to the average market price of electricity in the first six months of 2019.

Ministry of Energy and Natural Resources has announced the tender for the allocation of Renewable Energy Resource Areas (YEKA) and Connection Capacities based on solar energy. In October 2020, mini YEKA tenders will be held in 36 cities to allocate a total capacity of 1.000 MW. For the purpose of allocating the connection capacity, 74 solar energy YEKA tenders will be held, with a capacity of 10, 15 and 20 MW. The initial ceiling price of each tender will be 30 (thirty) kr/kWh and electricity energy purchase period will be 15 years from the date of signing of the contract.

III – SALES AND THE PERFORMANCE OF THE COMPANY

Details of the electricity sales quantities of the Group in MWh terms are as below:

	1 January – 30 June 2020	1 January – 30 June 2019
STABILIZATION AND RECONCILIATION MARKET	1.510.124	1.864.020
RENEWABLE ENERGY RESOURCES SUPPORT MECHANISM	609.168	779.021
BILATERAL AGREEMENTS	522.447	253.521
TOTAL	2.641.739	2.896.562

IV – GENERATION AND CAPACITY INFORMATION

- Generation type of our Egemer Plant is Thermal-Combined Cycle and its total electricity generation was 1.337.659.138 kWh and its steam generation was 1.341.655 tons in the first six months of 2020. Capacity utilization rate, according to actual generation, is 34,06%. Generation scope of our plant is Electricity and Steam generation. 30,71% increase occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Balıkesir Ayyıldız WEPP Plant is electricity generation based on wind energy and its total electricity generation was 39.439.586 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 32,20%. Generation scope of our plant is Electricity generation. 4,28% decrease occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Bulam HEPP Plant is electricity generation based on Channel-type hydraulic energy and its total electricity generation was 22.365.862 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 73,24%. Generation scope of our plant is Electricity generation. 449,18% increase occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Uluabat HEPP Plant is electricity generation based on Reservoir Hydraulic energy and its total electricity generation was 165.272.000 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 38,05%. Generation scope of our plant is Electricity generation. 10,72% decrease occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Burç HEPP Plant is electricity generation based on River type HEPP energy and its total electricity generation was 79.083.870 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 66,61%. Generation scope of our plant is Electricity generation. 23,48% decrease occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Feki II HEPP Plant is electricity generation based on Channel-type hydraulic energy and its total electricity generation was 123.164.050 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 40,75%. Generation scope of our plant is Electricity generation. 25,25% decrease occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Himmetli HEPP Plant is electricity generation based on Reservoir Hydraulic energy and its total electricity generation was 73.948.730 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 63,10%. Generation scope of our plant is Electricity generation. 21,33% decrease occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Feki I HEPP Plant is electricity generation based on Channel-type hydraulic energy and its total electricity generation was 80.469.340 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 63,01%. Generation scope of our plant is Electricity generation. 22,60% decrease occurred in electricity generation compared to the first six months of the last year.
- Generation type of our Gökçaya HEPP Plant is electricity generation based on Reservoir Hydraulic energy and its total electricity generation was 75.294.550 kWh in the first six months of 2020. Capacity utilization rate, according to actual generation, is 60,73%. Generation scope of our plant is Electricity generation. 22,15% decrease occurred in electricity generation compared to the first six months of the last year.

V – INVESTMENTS

As a result of the completed investments, taking into consideration of the long-term energy policy of Turkey, Akenerji sustained its competitive position with an installed power of 1.224 MW and a flexible portfolio that can adapt to rapidly changing market conditions. In addition to its current operational portfolio, the project works for Kemah Hydroelectric Power Plant, with 198 MW, which is planned to be established in Erzincan, are on-going.

The fundamental strategy of Akenerji is to operate its existing power plants to the optimum level in line with market prices. The operations and maintenance works of all power plants of Akenerji, included in its portfolio, are performed by its own personnel in an attentive and effective way. Additionally, to comply with the changing market conditions and to strengthen its competitive position, Akenerji constantly reviews the strategies and takes necessary steps to achieve a more efficient and innovative way of generation.

VI – FINANCIAL SOURCES

The main financial sources of our Company are comprised of the cash created from the operations, the funds derived from the financial institutions and the share capital.

As of 30 June 2020, the Group has;

- USD 30,8 million short-term borrowings and EUR 1,2 million and TL 2,6 million short-term leasing liabilities, and
- TL 2,4 billion and USD 433,4 million long-term borrowings and EUR 8,7 million and TL 23,7 million long-term leasing liabilities.

Akenerji aims to focus on the unpredictability of financial markets including the changes in foreign exchange rates and interest rates and seeks to minimize potential adverse effects on the Group's financial performance.

The total share capital of Akenerji is TL 729.164.000 and 25,28% shares of its shares is traded in Istanbul Stock Exchange.

VII – RISK MANAGEMENT POLICY AND INTERNAL AUDIT MECHANISM

The Board of Directors establishes internal control systems, including risk management and information systems and processes that aim at minimizing the effects of risks that would affect the stakeholders of the Company, particularly the shareholders, by obtaining the suggestions of the related committees of the Board of Directors.

The Company's risk inventory is one of the most important follow-up tools used in Akenerji's risk management activities. The risk inventory includes the operational, financial, reputational and strategic risks of the Company. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk management philosophy grew into a permanent item on the agenda of routine business of Akenerji executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications.

The current internal control system, particularly enhancing the efficiency and productivity of Company operations, ensuring reliability in financial reporting, and compliance with applicable law and legislation, is being audited by the Akenerj Internal Audit Department in coordination with the Internal Audit Departments in Akkök Holding A.Ş. and ČEZ a.s., in accordance with the annual internal audit plan. The outcome of the audit is reported to the Audit Committee. The effectiveness of internal auditing operations has been reviewed during the year by Audit Committee. Opinions of the internal auditor, external auditor, or other Company executives have also been obtained when required.

When required, the internal auditors come in contact with independent auditors in scope of auditing activities and from time to time execute process auditing with them.

VIII – MAIN FINANCIAL HIGHLIGHTS

Current Period Ratios

Debt / Liability Ratio	$\frac{\text{SHORT-TERM LIABILITIES \& LONG-TERM LIABILITIES}}{\text{TOTAL LIABILITIES}}$	93%
Debt / Equity Ratio	$\frac{\text{SHORT-TERM LIABILITIES \& LONG-TERM LIABILITIES}}{\text{TOTAL EQUITY}}$	1407%
Gross Profit Margin (%)	$\frac{\text{GROSS PROFIT / (LOSS)}}{\text{NET SALES}}$	14%
Net Profit Margin (%)	$\frac{\text{NET PROFIT / (LOSS) FOR THE PERIOD}}{\text{NET SALES}}$	-50%

IX – CHANGES IN THE ARTICLES OF ASSOCIATION IN THE PERIOD

There are no incidents happened in the Company in this period, particularly important and with such nature might influence the rights of shareholders, creditors as well as any other persons and entities concerned.

X – SIGNIFICANT EVENTS REGARDING THE GROUP

Our Board of Directors have resolved to propose to our General Assembly the election of PwC Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi as the independent auditor of our Company for auditing financial statements and reports of our Company for the year of 2020 in accordance with the relevant provisions of Turkish Commercial Code, “Communique on Independent Auditing Standards in Capital Markets” Serial:X, No:28 of Capital Markets Board and the Decision of Energy Market Regulatory Authority on Auditing of Real Persons and Legal Entities Displaying Activity in Energy Market” dated 03.03.2015 and numbered 5507, at the Ordinary General Assembly Meeting for the year of 2019.

There are no material lawsuits filed in the subject period against the Company, which might have significant impact on the Company’s financial status and activities and there are no administrative and legal sanctions imposed on the Company or the members of the management board.

Best Regards,

Ondrej DVORAK
Chief Financial Officer

Serhan GENÇER
Chief Executive Officer