ENERJISA
Energy of Türkiye

FY 2024 EARNINGS RELEASE

Istanbul **26.02.2025**

ENERJISA ENERJI ANNOUNCES ITS FINANCIALS FOR FISCAL YEAR 2024

Key Takeaways:

- **Enerjisa Enerji fully delivered on its outlook for 2024 based on its resilient business model and strong operational performance**
- **Group Operational Earnings increased by 6% in real terms to TL 41bn yoy beating inflation**
- **Expected decline in Underlying Net Income by 13% yoy to TL 4.2bn due to higher financial expenses driven by value-adding investments**
- **Dividend proposed at 2.87 TL/share reflecting 80% payout ratio of Underlying Net Income**
- **The investment level in 2024 reflects both our long-term strategy and the agreed amount with the regulator for the year 2024**
- **Enerjisa Enerji is leading the energy transition in Türkiye with significant investments into its businesses reaching TL15.5bn in 2024**
- **Distribution investments lead to 72% increase of the Regulated Asset Base surpassing inflation**
- **Low market prices caused decrease in operational earnings of Retail business in real terms to TL4.6bn in 2024**
- **Strong growth in Customer Solutions business with gross profit reaching TL5.9bn and installed Solar PV capacity reaching 102.4 MWp.**
- **Group FCF improved by TL 2.4bn yoy mainly due to relief of Retail tariff burden**

The 2024 consolidated financial results of Enerjisa Enerji demonstrate solid financial performance despite a challenging economic environment. Enerjisa Enerji's inflation adjusted[1] Operational Earnings increased by TL2.2bn to TL41.2bn compared to last years inflated numbers. Despite a continuous high inflation and interest market environment in Türkiye, Enerjisa Enerji thus continues to grow its earnings ahead of inflation. Operational Earnings of the Distribution business increased almost 8%, reaching TL33.8bn. This improvement is driven by growing Capex reimbursements, continuous cost management and quality management related earnings. Accordingly, the total

[1] This release refers to IAS29 reported figures unless stated otherwise except for the data associated with Cash Flow, Investments and tariff related impacts, which are shown without Inflation Accounting (IAS29)

contribution of our Distribution business in the consolidated Operational Earnings reached 82%. Operational Earnings of the Retail business decreased in real terms from TL6.1bn in 2023 to TL4.6bn in 2024, primarily due to a reduction in gross profit caused by the artificially low procurement prices in the regulated market. On the other hand, the volumes sold significantly increased from 43.2 TWh to 49.4 TWh year over year. Enerjisa Enerji demonstrated a strong performance in the retail market again, with a 7% increase in the regulated market volumes sold and a significant 32% increase in the liberalized market volumes sold. This reflects the company's strong brand presence and competitiveness as well as its market leadership. In addition, the Customer Solutions business also performed remarkably during 2024 with a gross profit reaching TL5.9bn compared to TL1.5bn in 2023 as a result of the growth of solar PV capacities. The installed capacity of solar PV projects reached 102.4 MWp by year end increasing by 250% year over year and the number of electric vehicle charging points reached 2,563 growing by 44% year over year.

Enerjisa Enerji's CFO Philipp Ulbrich: "In 2024 we have been able to fully deliver on our outlook again despite record high inflation and interest rates. This clearly shows that our profitable investments especially into the distribution business grid fully pay-off. We expect the regulator to continue to set the right incentives for investments into the electricity networks, being the backbone of the growth of the economy and the transformation of energy markets to carbon neutrality. Although our volumes sold and regulated margins continue to rise year over year, our Retail segment is still impacted by low market prices driven by high subsidies for regulated customers. Nevertheless, through Enerjisa Enerji's credibility, closely connected with its strong brand name, we are well positioned in the retail business. We remain optimistic that the market environment will improve, as the regulator has made initial decisions to further liberalize the market. In 2024, Customer Solutions is experiencing significant growth in Gross Profit and Operational Earnings, driven by the revenue recognition of large solar PV projects. "

Underlying Net Income fully delivered from the 2024 outlook

Underlying Net Income reached TL4.2bn, even though decreasing by 13% year over year as expected, the company managed to generate a bottom-line income within the upper half of the guidance. This decline was due to the increase of financial expenses as a consequence of the higher debt volumes and a higher interest environment. Both reflect the value adding investments especially into distribution grids which will pay out over time.

Free Cash Flow increased by 2.4 billion TL year-over-year, to -10.5 billion TL. Enerjisa Enerji managed to start recovering cash flow through striking a careful balance between sustaining its commitment to profitable growth and upholding financial discipline in a challenging environment where tariffs remained at low levels. With the necessary tariff increases, the negative cash impacts will be reverted. As Enerjisa Enerji will receive compensation for current interest costs on top of these changes, temporary tariff burden will remain manageable in light of Enerjisa's strong balance sheet, which has moderate debt levels for an infrastructure company.

The company has also kept on track with its 2024 outlook with respect to its investments which realized as TL15.5bn, showing a 2% decrease nominally compared to last year due to the high base effect of 2023. The investment level in 2024 reflects the long-term strategy agreed with the regulator. This is crucial for the transformation of the energy system and forms the basis for economic growth.

Philipp Ulbrich, CFO: "As a consequence of the ongoing substantial investments, we have been able to grow our Regulated Asset Base impressively. Year over year Regulated Asset Base increased from TL34.3bn by almost TL25bn or 72% reaching 59 billion TL and thus grew significantly above inflation. The increase was driven by investments and the revaluation of the asset base with the June-to-June inflation.

In parallel Economic Net Debt of Enerjisa Enerji increased by only TL20bn to TL56bn year over year. The Economic Net Debt build-up is thus much slower than the increase of the Regulated Asset Base

even despite the investments into the Customer solutions business that have been carried out. Financial Net Debt increased by TL16bn yoy and stands at TL45bn in 2024. Enerjisa Enerji's average borrowing rate is at 47% for FY 2024, below today's interest levels. During 2024, we have changed our bond issuance strategy from fixed interest rate to TLREF floating interest rate and we expect our borrowing rate to decrease in 2025 based on this adjustment.

This sound management of our operations as well as our financing allows us to pay out 80% of our Underlying Net Income resulting in a dividend of 2.87TL/share."

Ambitious 2025 outlook

In its 2025 outlook, Enerjisa Enerji expects an improvement in its financials driven by its strong operations alongside potential macroeconomic recovery and is therefore targeting an increase on its Operational Earnings to a range of TL 52 – 57 bn and an increase to its Underlying Net Income to a range of TL 5-6 bn, both being expected to grow significantly beyond the expected inflation. The company targets to invest TL 21-24 bn and expects the Regulated Asset Base to stand at TL 80-90 bn by the end of the year, with both KPIs expected to grow by 45% compared to 2024. The focus remains on driving growth, enhancing operational efficiency, and leading Türkiye's energy transformation while ensuring the long-term sustainability of the business. all of this will be leading to a profitable growth that is in the best interest of Enerjisa`s investors.

Philipp Ulbrich, CFO: "In a scenario of declining interest rates, the growth of our Underlying Net Income will be substantial and will outpace the growth of Operational Earnings. For our investors, this also translates to increasing shareholder value. Given the current market dynamics, our exposure to the macro environment appears very favorable. Even if high inflation persists longer than anticipated, Enerjisa Enerji's financials are safeguarded by the inflation adjustments of the Regulated Asset Base, ensuring that the company will not face any significant impacts".

Financial overview FY 2024

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FY 2024 actuals (TL m)	FY 23	FY 24	Change
Revenue	243,516	190,585	-21.7%
EBITDA	26,178	28,105	7.4%
Operational Earnings	38,894	41,160	5.8%
Net Income	6,522	-4,853	-174.4%
Underlying Net Income	4,861	4,226	-13.1%
Free Cash Flow (after interest & tax)[2]	-12,900	-10,542	18.3%

Guidance (TL bn)	FY 2024 Targets	2024 Actuals	FY 2025 Targets
Operational Earnings	40-45	41.2	52-57
Underlying Net Income	3.5-4.5	4.2	5-6
Investments[3]	15-17	15.5	21-24
Regulated Asset Base	55-60	59.0	80-90

The difference between Reported Net Income (RNI) and Underlying Net Income (UNI)

Enerjisa Enerji utilizes Underlying Net Income in order to give a more accurate reflection of how much profit it generates. Underlying Net Income refers to Net Income excluding exceptional items. The resulting performance indicator sets the basis on which the company's dividend pay-out policy is applied. The below items are deducted from the Reported Net Income to reach Underlying Net Income;

(TL million)	FY 2023	FY 2024
Reported Net Income	**6,522**	**-4,853**
Non-recurring (income) / expense	-1,518	38
Tax rate change	-2,134	0
Impact of asset revaluation	1,991	9,041
Underlying Net Income	**4,861**	**4,226**

These items are one-off items, which means that they do not represent ordinary financial performance of the company. The purpose of this treatment is to provide all external stakeholders with a transparent and relevant view of the financial performance of the company's earnings development, without the distortion of non-operational effects. The most important item out of

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these can be considered as the impact of asset revaluation, which was considered as a one-off and was not reflected to our UNI in prior year applications when it was providing significant positive income contributions and in order to be consistent with this view, asset revaluation effect on net income is considered as a one-off.