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ENERJISA ENERJI ANNOUNCES ITS FINANCIALS FOR THE FIRST NINE MONTHS OF 2024

Key Takeaways:

- **Strong underlying performance despite challenging environment across all segments reaching a positive Underlying Net Income of TL3.1bn**
- **Group Operational Earnings increased to TL29.9bn growing above inflation**
- **Strong outperformance in Distribution neutralized by temporary impact from low electricity sourcing costs in Retail**
- **Strong growth in Customer Solutions business with gross profit reaching TL3.2bn and installed Solar PV capacity reaching 71.8 MWp.**
- **Enerjisa Enerji is leading the energy transition in Türkiye with significant infrastructure investments reaching TL9.1bn in the first nine months of the year and a 89% increase of the Regulated Asset Base significantly beyond inflation**
- **Enerjisa Enerji fully confirms its outlook for 2024 including the dividend distribution of at least 80% of Underlying Net Income**
- **A robust business model in a high inflation and interest environment offers a unique positioning for investors seeking high dividend growth for upcoming years**

The 9M 2024 consolidated financial results of Enerjisa Enerji, released today, demonstrate solid financial performance despite a challenging economic environment. In the first nine months, Enerjisa Enerji's inflation adjusted[1] Operational Earnings increased by TL0.4bn to TL29.9bn compared to the same period last year. Despite a continuous high inflation and interest market environment in Türkiye, Enerjisa Enerji continues to grow its earnings above inflation. Strong performance of the Operational Earnings of the Distribution business reaching TL24.9bn. The increase of the Financial Income and Capex reimbursements by nearly TL2.8bn compared to the Operational Earnings of Distribution of TL23bn as of 9M 2023 represents an increase of more than 13%. The Retail business has a lower contribution to Operational Earnings in the first nine months compared to last year, 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

[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)

sold significantly increased from 32.7 TWh to 37.6 TWh year over year. The regulated market volume increased by 7% and the liberalized market volume increased even by 36% respectively, highlighting the strong brand and comptetiveness of Enerjisa Enerji in the electricity retail market. In addition, Customer Solutions business performed strongly during the first nine months with gross profit reaching TL3.2bn compared to TL595m year over year. Meanwhile the installed capacity of Solar PV projects reached 71.8 MWp increasing over 150% year over year and number of Eşarj EV charging sockets reached 2,345 increasing at 83% with respect to the same period of 2023.

Enerjisa Enerji's CFO Philipp Ulbrich: "The strong year over year development of Operational Earnings is exactly what we expected and fully in line with our year end guidance of 40 to 45 billion TL. Taking into consideration only the increase of the Financial Income and Capex Reimbursements of the Distribution Business compared to last year's Operational Earnings of Distribution amounts to a growth of more than 13% in real terms. This is remarkable and clearly shows that our profitable investments carried out in the past fully pay-off. In the changing real interest environment the regulator needs to continue to set the right incentives for investments into power distribution grids, being the backbone of the growth of the economy and the transformation of energy markets to carbon neutral. However this positive development is neutralized by the temporary performance of our Retail segment due to still regulatory suppressed retail pricing. While volumes continue to increase year over year, same as the regulated margin, still our Retail segment suffers from the lower market price environment due to the subsidies in place and the fact that any tariff increase for active energy now has been postponed to 2025. Nevertheless, through Enerjisa Enerji's credibility, closely connected with its strong brand name plus its agile decision-making ability we are strongly positioned in the retail business. The trends in the Distribution business and the Retail business are currently netting off each other, though we expect a strong net positive balance once tariffs are being increased. We are optimistic that the market environment will change to the better, as regulator has taken first decisions to further liberalize the market."

Underlying Net Income fully in line with 2024 guidance

Underlying Net Income reached TL3.1bn, though decreasing by 36% year over year as expected. This decline is due to lower Operational Earnings contributions from the Retail business and the increase of financial expenses as a consequence of the higher debt volumes and a higher interest environment.The 9M Underlying Net Income performance is fully in line with Enerjisa Enerji's guidance range of 3.5 – 4.5 billion TL for the full year 2024.

Free Cash Flow (after interest and tax) on the other hand remained mainly stable on a year over year basis, and was realized at TL-5bn. The negative cash flow is due to the delay of necessary distribution tariffs and Enerjisa Enerji's significant investment program in 2023 with payments amounting to TL3.4bn carried forward to 2024. Nonetheless, the tariff changes are expected to arrive by 2025 the latest, which will gradually revert the negative cash impact. Additionally, Enerjisa Enerji will receive a compensation for current interest costs on top of these.

Investments increased by 3% in nominal terms year over year and reached TL9.1bn in 9M 2024, matching the seasonal pattern. Enerjisa Enerji is continuing its investments aligned with its 2024 guidance of TL 15-17 billion. The investment level in 2024 is reflecting its long-term plan and Enerjisa Enerji continues to significantly invest into the energy infrastructure of Türkiye, as this is the pre-requisite of the transformation of the energy system and the basis for the growth of the economy.

Philipp Ulbrich, CFO: "As a consequence of the historic investments, we were growing our Regulated Asset Base beyond inflation. Year over year RAB has almost doubled with +89% reaching 57 billion TL and hasgrown significantly beyond inflation. The increase is driven by investments and the revaluation of the asset base including new assets with the June-to-June inflation. This significant RAB revaluation is not booked via P&L even making up for the interest expenses on the debt that we took up to finance our investments."

Economic Net Debt of Enerjisa Enerji increased by TL13bn to TL49bn in 9M 2024 compared to end of 2023. The Economic Net Debt built-up however is much slower than inflation driving up the Regulated Asset Base. Financial Net Debt increased by only TL10bn in comparison to year end 2023 and stands at TL39bn at the same level as in H1 2024. The balance sheet increased from TL132bn to TL167bn and the Regulated Asset base from TL34bn to TL57bn since the beginning of this year. Enerjisa Enerji's average interest rate on the other hand remained at 46% for 9M 2024, below today's interest levels.

Enerjisa Enerji confirms 2024 guidance across all metrics

Based on the financial performance during the first nine months in 2024, Underlying Net Income, which is also the basis for dividend payments of Enerjisa Enerji, is sitting well within the expectations for the full year. Therefore, Enerjisa Enerji fully confirms its 2024 guidance including its strong dividend pledge to distribute at least 80% of its Underlying Net Income. In financing, Enerjisa Enerji has given strict priority to floating or short-term fixed rates in order to take advantage from the expected reduction of interest rates over time.

Philipp Ulbrich, CFO: "In a scenario of falling interest rates the growth of our Underlying Net Income will be significant and over-proportional to the growth of Operational Earnings. For our investors that means also growing dividends. Looking at the current market dynamics, our exposure to the macro environment looks very promising. Even in case high inflation prevails longer than expected, Enerjisa Enerji`s financials are protected by the inflation adjustments of the Regulated Asset Base, hence Enerjisa Enerji will not be facing significant impacts then as well."

Financial overview 9M 2024

9M 2024 actuals (TL m)	9M 23	9M 24	Change
Revenue	180,746	133,036	-26.4%
EBITDA	20,331	20,341	0.0%
Operational Earnings	29,522	29,883	1.2%
Net Income	7,348	-4,173	-156.8%
Underlying Net Income	4,919	3,138	-36.2%
Free Cash Flow (after interest & tax)[2]	-5,248	-5,033	-34.5%

[2] Data associated with Cash Flow, Investments and tariff related impacts are shown without Inflation Accounting (IAS29)

Guidance (TL bn)	FY 23	2024 targets
Operational Earnings	26.9	40-45
Underlying Net Income	3.4	3.5-4.5
Investments[3]	15.7	15-17
Regulated Asset Base	34.3	55-60

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

Enerjisa Enerji calculates 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. Exceptional items mostly refer to the non-recurring 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 reconcile Underlying Net Income;

(TL million)	FY 2023	9M 2023	9M 2024
Reported Net Income	**4,517**	**7,348**	**-4,173**
Non-recurring (income) / expense	-1,051	-11,049	5
Tax rate change	-1,478	--	--
Impact of asset revaluation	-1,379	8,620	7,306
Underlying Net Income	**3,367**	**4,919**	**3,138**

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

[3] Data associated with Cash Flow, Investments and tariff related impacts are shown without Inflation Accounting (IAS29)