Enerjisa Enerji AŞ
H1 2024 Financial Results – Earnings Release

İstanbul **26.08.2024**

ENERJİSA ENERJİ ANNOUNCES ITS FINANCIALS FOR THE FIRST HALF OF 2024

Key Takeaways:

- **Continuation of solid operational and financial performance despite challenging environment in all segments**
- **Group Operational Earnings increased by 3% real to TL18.3bn year-over-year**
- **Distribution investment program is paying off and delivering promising returns**
- **Strong growth of retail sales volumes and outpacing of competition**
- **Customer Solutions are strongly benefitting from additional solar PV capacities**
- **Enerjisa continues long-term investment program and fully confirms 2024 guidance**

Enerjisa Enerji announced its H1 2024 consolidated financial results today, continuing with a robust financial performance in the second quarter of the year despite the challenging economic environment. Enerjisa Enerji's inflation adjusted[1] operational earnings increased by TL0.5bn to TL18.3bn in the first half of 2024. This performance resulted in a 3% inflation adjusted year-on-year increase, despite a continuous high inflation and interest market environment in Türkiye. The main contribution to the increase in operational earnings resulted from the strong performance of the Distribution business which increased by 17% to TL15.8bn year-over-year. The share of our Retail business on operational earnings weakened in the first half due to a decrease mainly in the gross profit generated from the regulated market. This is driven by the highly subsidized tariffs, as at the same time the volumes sold significantly increased in both, the regulated and the liberalized market. This underlines the comptetiveness of Enerjisa Enerji in the Electricity retail business. Also, the Customer Solutions business increased remarkably during the past year whith gross profit up to TL2.3bn compared to TL 314m in the first half of 2023.

Enerjisa Enerji's CFO Philipp Ulbrich: "As a result of our higher Regulated Asset Base, higher financial income and higher CAPEX reimbursements remain the main driver of our

[1] This release refers to IAS29 reported figures unless stated otherwise.

strong performance in the Distribution business. In Retail, we see a strong pick up in sales volumes from 20.2 TWh to 23.2 TWh compared to last year, but our earnings will only be able to benefit from this momentum once tariffs will be adjusted. Operational earnings are also backed by doubling the firm capacity in Solar PV which resulted in higher gross profit in the Customer Solutions segment. Underlying Net Income however decreased by 46% year-on-year, due to higher loan volume, higher financing rates and thus higher net interest expenses especially in the second quarter, which were all within our expectations. We therefore confirm our guidance for 2024 financial results."

As another important indicator of our financials, Free Cash Flow (after interest and tax) decreased compared to prior year due the delay of tariff changes to reflect energy costs, the distribution revenue ceiling and the continuation of our significant investment program. The long awaited first change in the national tariff was implemented with effect on July 1st. The weighted average of the retail tariff increased by 18%, distribution tariff increased by 59% and end-user tariff increased by 38%, which corresponds to a weighted average increase of roughly 18% on national tariffs for Enerjisa.

Philipp Ulbrich, CFO: "The tariff increase has been taken positively in the sector, however additional changes on the national tariff are required and must be introduced by the regulatory authority. The mismatch between the market energy costs and tariff prices have been the reality in the last two years. We expect this highly subsidized scheme to come to an end and not being sustainable. Türkiye requires market based mechanisms to set the right incentives on its way to Net Zero."

Enerjisa continues its investment plans

Investments are down by almost 20% in nominal terms and reached TL3.7bn in H1 2024. The YoY decrease in investments results mainly from last year's overspending of capex in the distribution business due to the expected exeptionally high revaluation of the asset base. Enerjisa aims to further continue with investments into the energy infrastructure of Türkiye as they are the key lever for a successful energy transition of the country. Our long-term capex program will fully remain in place to ensure profitable growth of our businesses, especially on the distribution side.

Economic net debt of Enerjisa increased by over TL12bn to now TL48bn compared to end of 2023. During the second quarter of the year, Enerjisa continued to extend its bond issuances and issued additional TL4.2bn bonds, which has increased the total amount of outstanding bond issuances of the company to TL28.5bn. Economic Net Debt built-up happens much slower than the rise in inflation when excluding the temporary tariff related impact.

Outlook

Based on the financial performance during the first six months in 2024, Enerjisa remains fully on track to achive the 2024 targets that have been published in May.

Enerjisa values creating a sustainable business

Enerjisa aims to a sustainable future with impact oriented sustainability practices to be the enabler of energy transition. One goal is to obtain Zero Waste Certification for all locations and all business units by 2030 and as a part of our Scope 3 targets, our main aim is to reduce the intensity of our emissions related to electricity sold by 40% by 2030 compared to our 2021 emissions while we aim a 30% absolute reduction in greenhouse gas emissions by 2030 as a part of our Scope 1&2 targets. As a result of the ongoing ESG activities, the CDP Climate Change score of Enerjisa was increased to A- and Water Security score to A level.

Philipp Ulbrich, CFO: “Enerjisa remains a frontrunner in sustainability. We have extended our ESG target set and remain committed to deliver on our promises. We will provide full transparency with the publication of our Sustainability Report which will be published in soon”.

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Financial overview H1 2024

H1 2024 actuals (TL m)	H1 23	H1 24	Change
Revenue	104,464	74,302	-28.9%
Operational Earnings	17,829	18,323	2.8%
EBITDA	11,610	12,269	5.7%
Net Income	-865	-2,973	-99.7%
Underlying Net Income	3,786	2,044	-46.0%
Free Cash Flow (after interest & tax)	3,719	-5,869	-257.8%

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

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

Enerjisa 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 reach Underlying Net Income;

(TL million)	FY 2023	H1 2023	H1 2024
Reported Net Income	**4.517**	**-865**	**-2.973**
Non-recurring (income) / expense	-1.051	723	-22
Tax rate change	-1.478	--	--
Impact of asset revaluation	-1.379	3.298	5.039
Underlying Net Income	**3.367**	**3.786**	**2.044**

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 is considered as one-off in prior year applications and in order to be consistent with this view, asset revaluation effect on net income is considered as one-off.