

TRANSCRIPT OF ENERJİSA ENERJİ H1 2025 EARNINGS CALL

DATE:	12.08.2025
EVENT:	Enerjisa Enerji H1 2025 Earnings Call
SPEAKERS:	Dr. Philipp Ulbrich – CFO Cem Gökmen Gökkaya – Treasury, Risk, Investor Relations and Tax Director Martin Jaeger – Head of Investor Relations

PRESENTATION SESSION

Martin Jaeger:

Good afternoon, welcome to our H1 2025 Earnings Call. Before we start with today's presentation, I would like to take a moment to share some good news and to express our appreciation. In the recent EMEA Extel Survey, Enerjisa Enerji was ranked number one in the utility sector by investors and analysts. On behalf of our entire management team, I would like to sincerely thank you for this recognition. We value your trust, your feedback and your continued engagement with us, and we are committed to keeping up this standard in our investor relations activities. Today we are here with our CFO Phillip and with Cem, our IR Director. Phillip will start running you through the financial and operational performance of the first half. Let's kick it off. Over to you, Phillip.

Page 2: Highlights

Dr. Philipp Ulbrich: Thank you, Martin, and a warm welcome to all of you. I am happy to share with you today that in the first half of 2025, we continued to deliver a strong operational performance, which more than offset the slower-than-expected recovery of the macroeconomic environment in the second quarter. With inflation pressure remaining high, also interest rates decrease slower-than-expected, and thus impacted our financial expenses different than initially anticipated.

This once again underlines the resilience of our business model in an uncertain and volatile market environment.

Especially our infrastructure investments over the last years remain the foundation for the strong earnings contribution from our Distribution business, which have benefitted also from quality related earnings in the first half.

In parallel, rigid control over operational and interest costs remains our priority, as we continue to navigate successfully through the macroeconomic volatility in Türkiye. This is also why we are rather backloading our investments in the current year.

Let me provide you with an overview of our financial performance in the first half of the year before taking you into the details:

Group Operational Earnings increased to around TL 27 billion, which is a 9% increase year-over-year in real terms. This increase is coming from a strong development in the underlying operational performance across our core business divisions.

Underlying Net Income increased by 15% year-over-year in real terms to TL 3.2 billion. We continue to benefit from the first positive effects of easing inflation and a strong EBITDA performance driven by operational efficiency. In addition, as Enerjisa Enerji's strong equity position made it particularly sensitive to inflation accounting, a lower CPI compared to last year is supporting Underlying Net Income — with further upside potential for the future particularly if interest rates also decline.

Our Regulated Asset Base grew by 33% year-over-year, reaching approximately TL 75 billion. This growth reflects the continued realization of our investment program as well as inflation indexation. In this respect, the inflation rate coming in slightly higher than we had expected, played in our favor.

Our leverage improved in the first half of 2025, with Net Financial Debt to last-twelve-months Operational Earnings at 1.0x, supported by the higher earnings and disciplined debt management, I just mentioned. This solid financial foundation gives us strategic flexibility as we prepare for the next regulatory period starting January 1st, 2026.

Let us now look into the main KPIs in more detail on the next page.

Page 3: Financial Highlights

For Operational Earnings and Underlying Net Income, I will walk you through the year-over-year bridges on the following slides, so I spare this for the moment.

As usual, investments in the first half of the year are seasonally low, with the initial months primarily focused on tendering and preparatory works. This effect is even more pronounced this year, with H1 investments totaling 3.6 billion TL compared to our full-year target of 21 to 24 billion TL, a decision taken deliberately by us in the light of the high interest environment. However, we remain fully engaged to achieving our Capex targets. By the end of July, we have already doubled the H1 investment volume, and more than half of the full-year budget is ready to be deployed at the push of a button. Therefore, this variance should not be interpreted other than a purely timing effect.

In the first half of 2025, Free Cash Flow after Interest and Tax was negative at TL -3.4 billion. The increase of TL 2.4 billion compared to the previous year is mainly driven by higher Operational Earnings, improved working capital efficiency, and the positive impacts on the tariff burden versus last year.

The improvement in Cash Flow in the first six months was achieved despite continued headwinds from elevated interest costs and the absence of tariff increases in the first quarter. Importantly, these interest costs are tied to long-term strategic investments and are largely reflected in the WACC income, which will be generated from growing Regulated Asset Base. We will later come back to that point when explaining to you that the major share of the interest paid is set off by the increase of the Regulated Asset Base.

Our good financial health is also showing in the fact that the leverage improves from 1.1x to 1.0x Net Financial Debt to Operational Earnings year-over-year. This is a strong position, especially when considering the significant investments made over the past years. As you will recall, the long-awaited tariff

update was finally announced on April 5th, with distribution fees increasing by 34.5%. This will ease the impact on debt levels especially in the second half of 2025 and provide improved cash recovery.

As we are seeing the debt market opening up for longer-term financing in Türkiye again, our strategy to increase the share of long-term instruments in our portfolio, is helping us manage our liquidity more effectively. At the same time, our floating-rate borrowings are benefitting from falling rates. Enerjisa successfully raised bonds and loans in the magnitude of around TL 17.6 billion in the first half of the year at highly competitive pricing, reflecting the strong credibility we enjoy in the market.

As you might have noticed, just recently we have been able to break our own record with a TL 5.25 billion bond emission also coming in at attractive pricing as we certainly continue to prioritize profit over volume.

Page 4: Operational Earnings Development

When looking into the details of Operational Earnings on the next page, it becomes clear that sustainable drivers are compensating for temporary headwinds — supporting a strong outlook for the full year.

Let me begin with the Distribution business. Operational Earnings increased by TL 907 million year-over-year, despite a decrease in Financial Income due to comparably low investments in 2025 so far, and reduce long term inflation expectations. This decrease was more than offset by strong performance in Efficiency & Quality earnings, which gained significantly thanks to three factors:

- First, the full implementation of our internal optimization program continues to have a lasting structural impact on our cost base.
- Second, the regulator revised the Opex ceiling levels for 2024 upwards. We have now booked the residual impact from last year in H1 2025.
- Third, we achieved strong improvement of the Quality Bonus due to a positive decision by the regulator in relation to previous year's technical parameters such as SAIDI and SAIFI. This also reflects our outstanding performance how we increase the quality of our operations by continuously bringing outage times and outage frequencies of our distribution grids to a new minimum in Türkiye.

In the Retail business, Operational Earnings increased by TL 473 million compared to the first half of the prior year. The regulated segment benefited from a higher Opex ceiling and improved energy procurement performance, resulting in a 27% increase in Gross Profit. Additionally, the reduction of certain subsidies led to higher total energy costs, which translated into higher regulated revenue — as the tariff mechanism reflects these changes. As already shared during our investor day, we continue to view Retail as a largely regulated business. In this context, we welcome the regulator's commitment to cost-reflective tariff updates, and we also support a gradual move toward further liberalization. In the liberalized segment, Enerjisa remains the clear market leader. Gross margin improved by 1.1 percentage points in real terms, and we saw 4% increase in sales volumes.

Lastly, our Customer Solutions business made a positive contribution to the development of Operational Earnings in the first half. We continue to pursue an opportunistic approach in this segment, even as headwinds from the challenging economic environment intensify and fewer B2B customers are willing to commit to long-term investments. A lower Solar PV gross profit contribution, due to lower project additions and lower revenue recognition was more than offset through higher gross profit year-over-year from energy efficiency projects that have grown strongly and will also contribute to our gross profit for

the full year. Given the reduction in solar PV projects driven by market conditions however, we are anticipating a lower earnings contribution from the entire Customer Solutions segment for the full year compared to 2024. This was expected and is fully recognized in our Operational Earnings guidance for 2025.

Let's now continue with Underlying Net Income on the next page.

Page 5: Underlying Net Income (UNI)

Underlying Net Income increased by 15% year-over-year in real terms to TL 3.2 billion. The improvement is mainly due to higher Operational Earnings and a significantly lower monetary loss from inflation accounting. As a reminder, Enerjisa Enerji continues to be structurally adversely-impacted by inflation accounting due to the fact that our equity exceeds our non-monetary assets by about TL 9.3 billion, while our Regulated Asset Base is classified as a financial asset. In periods of high inflation, exactly this mismatch leads to a negative monetary adjustment in the P&L. However, with inflation levels coming down in H1 2025 compared to last year, the associated monetary loss has also declined — contributing positively to the year-over-year Net Income increase.

Let me also address the roughly TL 1.2 billion increase in net interest expenses. This development primarily reflects a higher average Net Debt position, as also interest rates slightly increased compared to last year's H1. Other financial income is developing positive year-over-year, driven by a higher tariff receivable interest income due to higher average tariff burden, as well as higher average interest rates applied driven by macroeconomic conditions at our Distribution business. When we steer the financing expenses, we are very comfortable due to three reasons. First, our ability to optimize the timing of the funding need within a year. Second, our competitive pricing due to our market positioning. Third, and most important, the inflation component of interest costs is compensated outside the P&L through the revaluation of the Regulated Asset Base. This strengthens our long-term earnings potential, as revalued assets generate higher future returns. In essence, a large portion of today's interest burden is feeding into tomorrow's profitability. When interest rates normalize, we expect a visible uplift in Underlying Net Income — through both higher returns and lower financing costs.

Let me summarize how low inflation is having two major effects. First, monetary losses are lower year-over-year. The reason is the well-known financial asset accounting at Enerjisa, which create an imbalance of equity versus nonmonetary assets, and thus get negatively impacted by inflation accounting. Second, this is more or less compensated by lower deferred taxes, stemming from the inflation accounting in textbooks where the distribution investments are booked as assets. Furthermore, due to the higher Earnings Before Tax, we are also reporting a higher tax impact in the first half.

With that, over to you Cem for the operational updates and the balance sheet movements.

Page 6: Operations

Cem Gökmen Gökkaya: Thank you, Philipp. Good afternoon and a warm welcome from my side as well. Let me now walk you through the main operational developments in each of our business lines, starting with Distribution.

In the first half of the year, Distribution Capex reached TL 3.1 billion, slightly above the prior-year period, following the expected seasonal investment curve and actively steered. As Philipp mentioned earlier, we are executing Capex fully in line with our long-term investment roadmap and our guidance for 2025.

Our Regulated Asset Base increased by 33% year-over-year, reaching TL 75 billion as of end of June. This increase reflects both the realization of strategic grid investments and the inflation-linked revaluation of the asset base. In line with regulation, the revaluation is applied annually based on the realized June-to-June inflation — which came in above our expectations. Although this growth is slightly below inflation for the period, RAB will grow at a rate above inflation by year-end, driven by higher investment activity in the second half of the year.

Turning to Retail:

In the regulated segment, volumes slightly decreased to 15.1 TWh due to EMRA's decision to lower the Last Resort Supply Tariff limits starting in February 2025. As a result of the new limits, customers in the regulated segment above the new limits, shifted to suppliers in the liberalized market. However, Gross Margin improved to 14.3%, driven by higher Retail Service Revenues following the Opex ceiling update by the regulator. In the liberalized segment, we recorded a 4% volume increase to 8.0 TWh. This uptick was driven by the aforementioned SMEs and households switching from regulated tariffs to market-based contracts, so the opposing effect as described before. Despite lower volumes year-over-year, in the corporate segment, our focus on a portfolio of highly profitable customers continues to drive strong value creation. As a result, our liberalized gross margin improved to 3.8%, supported by stronger contract profitability and better portfolio optimization, and if we add up volumes from both segments and compare to the overall market, our market share remains stable despite our focus on profitability.

Now to Customer Solutions, which remains our opportunity-led growth business. In the first half of the year, Gross profit increased to TL 3.9 billion. As of June 30, our installed solar PV capacity was 124.0 MWp, resulting in an addition of more than 20 MWp in the first half of the year and we assume additional capacities for the second half due to contracts already signed in the past. Current market conditions have resulted in a slower than expected built-up of our pipeline for solar PV projects, where customers currently tend to delay investments into the future, based on a shortage of available permits and still unfavorable financing rates. Given the current sentiment in the market for energy solutions we are reconsidering our product offerings in the Customer Solutions segment, while pursuing our opportunistic strategy. We will update you on our progress on our business priorities in the next Earnings Call.

Looking at our E-mobility activities we see an increasing number of charging plugs year-over-year. However, the development in the second quarter was driven by a portfolio optimization. This led to the fact that we have decommissioned those locations that are not value-aggressive to our portfolio of charging points. With that, let's move to the next page.

Page 7: Economic Net Debt

Economic Net Debt increased to 63.6 billion in H1 2025, up TL 7.8 billion since year-end 2024. Growth mainly reflects increased interest payments as well as the gross dividend payment of TL 3.4 billion made in April. Interest payments totaled TL 12.7 billion in the first half, primarily due to higher average Net Debt volumes. As a reminder, our debt increase is structurally driven by two main factors. First, we are financing an expanding investment program to support grid modernization and the energy transition. And second, we are temporarily covering the tariff burden in distribution, a gap which will be recovered to a large extent with the recent tariff adjustments. These borrowings result in higher interest payments today, but will translate into higher load returns in the future. Once again, you can see our Regulated Asset Base is growing faster than our Net Debt — demonstrating the embedded value creation through the regulatory model. Financial Net Debt stood at TL 51 billion at the end of June, up from TL 44.8 billion at the year-end.

The increase mainly stems from the issues of new bonds amounting to TL 10.7 billion during the first half, all of which came in at a competitive pricing.

Page 8: Free Cash Flow

The next page shows our Free Cash Flow after Interest and Tax, and highlights the key drivers behind its development beyond the interest payments that we already discussed.

These include cash effective investments and the cash impact of tariff delays in both retail and distribution.

In H1 2025, we recorded a Free Cash Flow of TL -3.4 billion. This still represents a significant year-over-year improvement of more than TL 2.4 billion, driven by a combination of lower Capex, improved working capital, and improved tariff collections.

Cash effective investments total TL 7.3 billion, the majority of which stem from our distribution business. While our investment activity remained robust, the actual cash flows were slightly lower than in H1 2024, when a significant share of payments were also still reflecting the record high execution levels of 2023 Capex.

On the tariff side, we continue to carry a significant burden from regulated price caps, particularly in Distribution, where delayed cost recovery totaled TL 9.4 billion by end of June. In retail, the cumulative tariff gap remained almost flat at a very low level over the past six months, and noted at TL 555 million at the end of June. Please be aware that our interest calculation, the average tariff burden of the last two years is applied, which was high from a H1 2024 perspective, and thus the P&L shows a positive impact on interest from tariff burden.

Let me again emphasize what Philipp mentioned earlier. The new tariff update introduced on April 5th includes a 34.5% increase in distribution fees, while retail energy prices saw only a modest adjustment of around 2%. This tariff update and higher sales volumes will gradually reduce the negative cash impacts that have built up over the last months, and it confirms that even in a subsidized retail environment, the needs of the grid operators are recognized by the regulator. From our perspective, there is no alternative to ensuring not only robust compensation mechanisms, but also timely tariff collection to safeguard the financing of essential grid investments across Türkiye.

Page 9: Financing Developments

Let me now continue with the next page. Enerjisa continues to pursue a disciplined and diversified financing strategy, even under the challenging financial market conditions in Türkiye. In the first half of 2025, we issued TL 10.7 billion worth of TLREF index bonds at attractive pricing, most of them with a spread of just +100 basis points and two-year maturities. By securing these volumes early in the year — ahead of the sharp rise in premiums that followed the market volatility in March — we locked in favorable conditions and secured already a large portion of our 2025 funding needs. At the same time, the maturing of all the fixed-rate instruments, which had been issued during a lower interest rate environment, led to a slight increase in our average funding cost as expected.

As of H1 2025, our average interest rate stands at 46.9%, up by 1.2 percentage points compared to H1 2024. Importantly, this is still well below prevailing market rates, as we continue to access floating rate debt at competitive levels. As a new development, during the second quarter, following joint efforts by the Industry association — ELDER, the regulator — EMRA, and the Central Bank of Türkiye, the Central

Bank decided in order to ease the tariff burden and investment financing of distribution companies, that loans to these companies will not be included in banks' loan growth calculations. We advocated for this change, as we see unrestricted access to the debt market as the most important and sustainable improvement.

In addition, the distribution sector was granted access up to TL 30 billion from the rediscount credits normally provided to exporters. To date, Enerjisa has benefited from these rediscount credits in an amount of TL 3.6 billion, and will continue to benefit further. These developments once again show that the regulator closely follows the sector and takes necessary actions to support investments.

Let me also emphasize that at the end of July, we again have carried out the largest Corporate Bond issuance ever realized in the Turkish real sector, with a two-year maturity of TL 5.25 billion at a very attractive rate of TLREF + 150 basis points. The strong demand for our latest bond offering demonstrates the continued and growing trust of financial markets and investors in our financial strength. On top, local resources are available. In order to diversify and further extend our maturities, we are in the process of negotiating long-term loans with a total of several USD 100 million from international Financial Institutions and Development Financing Institutions. Given the recent macro developments, it's now unlikely that Lira interest rates will decline as fast as initially expected. However, what matters for us is the balance between inflation and interest — since our Regulated Asset Base is indexed to inflation. This natural hedge ensures that even with temporarily higher nominal rates, our long-term return profile remains robust and predictable. With that, I now hand over back to Philipp for the closing remarks.

Page 10: 2025 Outlook

Dr. Philipp Ulbrich: Thank you very much, Cem. Let me close our presentation by reiterating our ambitious full-year 2025 targets. For Operational Earnings and Underlying Net Income, we continue to project solid real growth — above inflation. Despite recent macroeconomic volatility, we remain fully on track to deliver on our promises and feel even more comfortable now to target to achieve the upper-end of the range on Underlying Net Income. Given our strong operational performance, especially in Distribution and Retail, and the risk and opportunity outlook for the second half of 2025, including our financial strengths, we see the UNI outlook coming to close to the TL 6 billion mark, thus at the upper end of the bandwidth. As promised, we will deliver with this a bottom-line growth above inflation and thus reflect a significantly increased inflation expectation for the current year.

On the investment side, our targets are even more ambitious. We aim to invest TL 21 to 24 billion in 2025, representing an approximately 45% growth over the last year. This includes continued execution on our grid modernization and expansion program and selective opportunities in Customer Solutions. Our Regulated Asset Base is also expected to grow by 45%, reaching TL 80 to 90 billion by year-end, well ahead of the growth in our Net Debt. We are certain that the significant investments into the distribution grids in the regions we are operating have to be continued. Just a recent heat wave showed that under extreme conditions, the demand for electricity increases significantly, and thus resilient networks are needed that can handle these peaks. We at Enerjisa Enerji are prepared to continue to invest the necessary amounts. For this, we certainly expect politics, the government, and the regulator to set the right incentives, especially also reflecting the very demanding macro environment we see in Türkiye. This concludes our presentation of Enerjisa's H1 2025 performance. With that, let's move into the Q&A session. Over to you, Martin.

Q&A Session

Martin Jaeger: Thank you, Philipp, and thank you, Cem. Before we start today's Q&A, please note that we have prepared a short survey for the participants in the call that you can fill out via the webcast, and we would really appreciate your feedback on those questions. Operator, now please start the Q&A and prioritize verbal questions first. Thank you.

Closing

Q1: Alihan Gürleyen – İş Yatırım

In second quarter of the year 2025, there was a notable increase in expenses related to the discounting of trade receivables under other operating expenses. What were the main factors driving this increase, and should we expect this expense to remain at elevated levels in the upcoming quarters?

Q2: Alihan Gürleyen – İş Yatırım

The share of Efficiency & Quality bonuses with Operational Earnings increased in first quarter of 2025, and this trend continued in second quarter of 2025. Should we expect this proportion to remain at similar levels in the long term?

Q3: Alihan Gürleyen – İş Yatırım

For the second half of the year, do you still aim to fully utilize your Capex limit, or is there a possibility that you may end up slightly below or above this target?

Martin Jäger: So, those are three questions. We start with the first one on other operating expenses, and Philipp, over to you.

Dr. Philipp Ulbrich: Thank you very much. I will take them one by one, but let me start now with the expenses related to discounting of trade receivables. So, this is notably coming from the customer solutions segment, and it's not a price or a quality impact, it's rather a volume impact. So, basically, the higher the revenues we have in the segment, as all of these come in over time of the long-term projects, we have to discount them. So, the higher the volumes are, the more we have to show also as a discounting of trade receivables. But once again, this is not now something that should indicate to you that the quality of the trade receivables is not where we want it. It's simply coming with the timing of these receivables.

On the second, and a great question, because it really takes us one level deeper into the understanding here of the regulation. So, when it comes to Efficiency & Quality bonuses, we take a quite prudent approach in how we respect them for the individual year, and then the regulator makes an ex-post assessment. So, what we have seen now for the first half of the year is a reassessment that is related to a former year. In this case, 2022, 2023. And so, we also expect these upsides for the following years, but it depends when there is then the official notification of the regulator that will allow us to, A, know exactly the amount, and B, then also to book it, because this is then finally only the confirmation that would be accepted also by accounting and the auditor certainly to be booked. So, that is on Quality and Bonus, but we certainly, as also said, we continue to strive to continuously improve, and also, therefore, we expect that the regulator is then also compensating us with relevant income elements for our efforts. Last, but not least, on the Capex limit.

So, let me come back to our general investment policy. We continue to invest as long as we believe that these investments are profitable. And one of the major items, as we are talking about repayment periods of 10 years, is certainly what is then, A, the macroeconomic outlook for the future. And there, I think, we all hope for a lowering interest. B, it's about the regulatory outlook. And here, we expect to receive now also first signals. And finally, then also the fully approved regulatory framework for the upcoming 5 years, so Implementation Period-5 towards the end of the year. And that will certainly also influence our investment policy. So, the better the outlook, and this was also something that we said, the more we will be allowed also to increase our investments as they will be driving our value up. If there are restrictions, we will limit certainly our investments, but this is certainly not what we expect. Hope this answers your questions, Alihan. And looking forward to more.

Q4: Alihan Gürleyen – İş Yatırım

If we look at your year-end RAB guidance, doesn't it seem like you should be at least at 100% — even below, maybe with regards to Capex limit?

Dr. Philipp Ulbrich: So, what we think, Alihan, but we can certainly also look at this also offline in further detail. But what is important to consider in the RAB calculation is that besides the positive effects from investments and then also the revaluation through inflation, we have to deduct the reimbursements that we get over 10 years, which are certainly also fluctuating a bit because they depend on the investment profile of the past. So, this has to be considered as we get compensated in cash. This is certainly not critical for us, rather an additional source of funding for us.

So, as we don't see further questions, let me conclude with reiterating on one fact that we also saw in the calls with analysts being quite prominently positioned as also certainly very important. And it is that we at Enerjisa, we really stand to our promise. And this is on the one hand the guidance, but on the other end also that we are really up for delivering bottom line growth above inflation. So, that we are now positioning our guidance towards the upper-end of the UNI bandwidth. This is reflecting that we are delivering on top of the expected inflation for this year that we have all seen rising throughout the year. Not now mentioning some detailed numbers, but I think here in this zone we are all aware of this. So, we stand to our promise that we will deliver a real growth in UNI compared to the last year. And certainly, our engagement is also that this is not a short-term, but also long-term strategy.

Martin Jäger: Okay. Thank you, Philipp, for this valuable addition. As we don't have further questions incoming, we will conclude today's call, but also you know you can reach the Investor Relations team over the coming days at every time. And thanks for listening in. Have a very nice afternoon and talk to you soon. Thank you very much.

investorrelations@enerjisa.com