ESENBOĞA ELEKTRİK ÜRETİM A.Ş.

MANAGEMENT DISCUSSION OF ANALYSIS AND RESULTS

01.01.2025 - 31.12.2025

STRATEGIC REPORT

Fair Review of the Business

Founded in 2015, in Ankara, Esenboğa Elektrik Üretim A.Ş.(The "Company" or "Esenboğa Elektrik") is a leading EPC service provider in roof-type solar power plants and is a preferred solution partner for reputable customers with its strong sustainability vision and ESG reporting.

Esenboga Elektrik is publicly listed in the BIST and trading in the BIST Sustainability Index.

The Company is a preferred solution partner for reputable customers with strong sustainability visions, for its commitment to sustainability with proven solid actions of issuing an annual GRI report and conducting regular ESG reporting at LSEG ranking as one of the top 3 of its peers with an "A" ESG score.

The Company is also engaged in solar power generation and EPC service provision for land-type SPPs in international markets via its subsidiary Margün Enerji Uretim Sanayi ve A.S. ("Margun Enerji").

Margün Enerji, a direct subsidiary of Esenboğa Elektrik, operates in renewable energy generation, project development, and turnkey EPC services in international markets. The Company owns and operates 88 solar power plants with a total installed capacity of 130 MWp under the Unlicensed Electricity Generation Regulation, one solar power plant under the licensed electricity generation legislation, and one geothermal power plant developed and constructed within the framework of the Electricity Market Licensing Regulation. Margün Enerji is publicly listed on Borsa İstanbul and is included in the BIST Sustainability Index.

In line with the Company's objective of increasing its investments in the renewable energy sector, an agreement was signed on 27 October 2025 between a company incorporated in Türkiye and Bosphorus Yenilenebilir Enerji A.Ş., an indirect wholly-owned subsidiary of the Company, for the acquisition of nine Geothermal Resource Licenses located in the provinces of Denizli and Manisa, with a total potential installed capacity of 505 MWm.

Angora Elektrik A.Ş., an indirect subsidiary of Esenboga Elektrik, via its ownership in Margun Enerji, provides operation and maintenance services for all SPPs within the Group, as well as customers and investors outside the Group.

Description of Principle Risks and Uncertainties

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.
Revenue comprises the invoiced value for the sale of goods and services. Revenues are recognized on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured, and it is probable that the future economic benefits associated with the transaction will flow to the entity.

Group- As Lessor

If the Company transfers substantially all the risks and rewards of ownership of an underlying asset, it is classified as a finance lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract. At the commencement date of the lease, the Company recognizes a receivable equal to the net lease investment in the statement of financial position instead of the assets granted as finance leases. The implicit interest rate on the lease is used to measure the net lease investment. The Company recognizes financing income over the lease term on a basis that reflects a constant periodic rate of return on the net lease investment.

The Company provides foreign exchange risk protection on the balance sheet by borrowing in the same currency against foreign exchange risks arising from foreign currency sales amounts that are highly likely to be realized at future dates within the scope of the agreements it has concluded and the corporate budget, In this context, repayments of foreign currency borrowings that are subject to hedging accounting and are determined as hedging instruments are made with foreign currency sales cash flows that will be realized at close dates and determined as hedging items within the scope of hedging accounting, The Company determined exchange rate risk management strategy as part of a high probability of risk realization estimated transaction hedging exchange rate risk cash flow hedge accounting hedging instrument for the purpose of being applied and formed on components, effectiveness has been proven mathematically and in accordance TFRS 9, which isn't yet realized exchange rate fluctuations in the income statement the income statement Comprehensive Income Statement of pulling from the park aims at the presentation and healthier, As of 31 December 2025 the hedging ratio has been calculated as 91%, and the hedging efficiency as 93%.

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing flow of resources through the optimization of the debt and equity balance, The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 26 of the Company's IFRS report, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, The board of directors considers the cost of capital and the risks associated with each class of capital, Based on recommendations of the board, the Company targets to balance its overall capital structure through new debt or the redemption of existing debt, The Company's overall strategy remains unchanged from 2022.

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by a central finance department under policies approved by the board of directors, Company's finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. Credit risk management Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments of the Company that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Company's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by closely monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Analysis of Development and Performance

The Company's electricity generation revenues showed a strong growth performance. In 2025, the amount of electricity generation represented 86% of its total revenues.

			Income Distribution by Energy Produced in SPPs and Company Activities								
Net Sales TRY	**31.12.2025**	**%**	**31.12.2024**	**%**	**31.12.2023**	**%**	**31.12.2022**	**%**	**31.12.2021**	**%**	**31.12.2020**
Electricity Generation	1.283.020.648	47%	872.378.937	18%	739.089.028	73%	427.547.110	89%	225.644.272	272%	60.618.092
EPC Services	208.318.098	-21%	264.086.343	41%	187.104.077	-65%	536.643.794	63%	329.585.561	301%	82.139.090
TOTAL	1.491.338.746		1.136.465.280		926.193.105		964.190.904		555.229.833		142.757.182

EVENTS AFTER REPORTING PERIOD

The Group is assessing the potential impact of the conflicts involving Iran, Israel and the United States on its operations. As of the reporting date, these developments have no material impact on the Group's operations, assets, liabilities or financial position.

Earnings per share

Earnings per share presented in the statement of profit or loss is calculated by dividing net profit by the weighted average number of shares outstanding during the year. In Türkiye, companies may increase their share capital by distributing bonus shares to their shareholders out of retained earnings. Such bonus share distributions are treated as if they had been issued for the purposes of calculating earnings per share. Accordingly, the weighted average number of shares used in these calculations has been determined by taking into account the retrospective effects of such bonus share distributions.

This section describes how the Directors has had regard to the matters set out in Section 172

Having regard to the likely consequences of any decisions in the long term

The Company and its subsidiaries regard the long-term consequences of the decisions to ensure the sustainability of the Company operations for the benefit of the Company's investors, employees, suppliers, customers and other stakeholders. The sustainability policy ensures that the Company integrates sustainability in all decision-making levels and operations. The Company reports on its sustainability efforts with annual sustainability reports as well as LSEG ESG reporting to measure the Company progress.

Having regard to interests of employees

The Company works in line with a Human Resource Policy following global developments in human resources management, treating its employees respectfully and fairly and helping them with their career development as well as sustaining work life balance. To help with sustaining the work-life balance of its employees, the Company provides them with the option to work from home once in two weeks. The Company also supports its employees personal career development with in-house and 3rd party education and training programmes. The Company provides its employees with health insurance, financial support for day-care and elderly care. The Company has also a broad range of benefits that support the well-being of its employees and their families including: monthly daycare allowance for employees with children up to six years of age, monthly support for employees with first-degree dependents holding a disability report of 70% or more, monetary gifts for life milestones such as weddings and childbirths, service-based severance packages provided at 1, 3, 5, and 10-year milestones, festive monetary support during Eid celebrations, lunch support via a monthly digital food card.

Having regard to the need to foster the Company's and its subsidiary Companies business relationship with suppliers, customers and others.

The Company committed to fostering open, inclusive, and transparent dialogue with its stakeholders across the value chain. In alignment with its corporate value of transparency and its ESG commitments, they continuously engage stakeholders to understand their expectations, gather feedback, and integrate these insights into its strategic and operational decision-making processes.

The Company actively participated in national and international trade fairs to enhance business development and collaboration opportunities in climate technologies contributing to global sustainability. Also, through regular dialogue and meetings with existing and potential suppliers, The Company aimed to improve transparency, align expectations, promote responsible procurement across its operations and to improve sustainability of its value chain with circular economy practices. The Company organised monthly webinars for its internal stakeholders to share insights on sustainability practices and explore innovative solutions aligned with their ESG goals.

Having regard to the need the impact of the Company's and its subsidiary operations on the community and the environment

As a renewable energy company, the Company regards their impact on environment and community highly. The Company has interim targets by 2030, aims to reduce Scope 1 and Scope 2 emissions by 30%, and Scope 3 emissions by 25%, also a net-zero emission policy to achieve a net-zero target by 2050.

The Company ensures to recycle all office and SPP site related waste and, also raise awareness with suppliers and customers to employ the same principles. The Company manages their waste in alignment with the ISO 14001 Environmental Management System and its internal Environment Policy, aiming to prevent, reduce, and responsibly manage waste across office and operational sites. Zero hazardous waste was generated in 2025 across its operations. 100% of non-hazardous waste was either recycled or repurposed in accordance with national regulations and its internal waste policies.

The Company's Environment Subcommittee ensures to implement its Environment Policy, to protect and improve biodiversity of the natural environment, vegetation, animals and nature in the geographies they operate. As part of their project development and upstream EPC services, the Company conducts Environmental Impact Assessment (EIA) studies to identify, evaluate, and manage potential environmental risks. These assessments are aligned with both national regulations and international standards, including the GRI Standards, and are conducted during the early stages of their project lifecycle to ensure timely and effective mitigation measures. Through these assessments, The Company aims to:

- Prevent or minimize negative impacts on local biodiversity, ecosystems, and protected species
- Identify and manage environmental risks associated with land use, water resources, and emissions
- Ensure compliance with permitting and land-use regulations
- Promote the avoidance-minimization–restoration hierarchy in biodiversity protection
- Inform project design and decision-making processes with environmentally responsible criteria

As part of its environmental restoration commitments, The Company has been supporting Naturel Holding afforestation project since 2022 in collaboration with the General Directorate of Forestry in Eğirdir, Isparta. This long-term initiative involves afforestation project with a diverse range of trees, including fruit-bearing species, with the aim of restoring forest ecosystems, enhancing local biodiversity, and promoting climate resilience. This initiative represents a key component of the companies' commitment to nature-based solutions, community inclusive development, and ecosystem-based climate mitigation strategies.

In line with the Company's commitment to preserving biodiversity and supporting sustainable land use, The Company actively pursues the development of agrisolar projects where feasible. These initiatives aim to promote the coexistence of renewable energy generation with agricultural activities and animal life, thereby enhancing ecosystem resilience and contributing to the protection of local biodiversity.

The Company and its subsidiaries are developing social responsibility projects to add value to the local communities by raising awareness on sustainability as described in their 2025 sustainability report. The Company and its subsidiaries are committed to creating positive social value through integrating sustainability goals and ESG principles into their strategy, decision making and actions. In line with their Sustainability Policy and Human Resources Policy, they renewed their social commitments in 2025 as continued signatories of UNGC and UN WEPs. In 2025 the Company continued supporting Naturel Holding Sustainable Schools Project by developing the project with their stakeholder Twin Science and T.C. MEB. The project aims to increase energy efficiency in schools by installing a roof-top solar power system and opening STEM labs to support learnings with robotic and coding. In line with their social sustainability approach and corporate values of equality, inclusion, the Company and its subsidiaries support the Anatolian Scholars Program developed by Koç University. This program provides financial scholarships to academically successful students from economically disadvantaged regions in Turkey, removing financial barriers to higher education and promoting academic excellence.

Having regard to the desirability of the Company and its subsidiary maintaining a reputation for high standards of business conduct

Maintaining high standard business conduct is very important for Esenboga Elektrik. As a signatory to the UN Global Compact (UNGC) and under the Ethics Policy, The Company and its subsidiaries are guided by the principles of integrity, fairness, and respect in all their interactions. They maintain a zero-tolerance policy toward bribery, corruption, anticompetitive behaviour, and violations of human rights. They strictly adhere to national laws and international conventions including the UN Universal Declaration of Human Rights. They expect their suppliers and business partners to uphold the same

ethical and compliance standards. They do not permit the use of child labour, forced or compulsory labour, or any practices that contradict children's rights, human dignity and equity.

Having regard to the need to act fairly between members of the Company

The Company has written and published policies to ensure the members have clear guidelines in terms of code of conduct. The Human Resources policy ensures equal opportunities for employees ensuring equality, diversity and inclusion in all decision-making process. As a signatory of UN WEPs, the Company ensures to take decisions to sustain the gender equality at all levels of management and to monitor and improve salary gap at all management levels.