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STOCK EXCHANGE ANNOUNCEMENT

ENERGO-PRO a.s.
(the “**Company**” or “**EPAS**”)

Agreement to Acquire Karakurt Dam and HPP Signed

Prague, 10 January 2025

The Company announces that today it agreed to acquire 100% of shares in ENERGO-PRO Turkish Development, s.r.o. (“**EP Turkish Development**”) from the Company’s sole shareholder, DK Holding Investments s.r.o. (“**DKHI**”). EP Turkish Development holds 100% of indirect ownership rights over the Karakurt dam and hydropower plant (“**Karakurt**”). Karakurt is located on the Aras River in Türkiye and has total installed capacity of 97 MW. The transaction is expected to close on or around 10 January 2025.

The purchase price is EUR 100 million and will be settled on a non-cash basis by a set-off against the corresponding amount of the Company’s receivables against DKHI, which arose as a result of distributions in prior periods. To assist in determining the fair market value of EP Turkish Development, the Company engaged PricewaterhouseCoopers Česká republika, s.r.o. to produce an independent valuation report.

Jakub Fajfr, Chief Executive Officer, commented: “This transaction represents another important milestone in the implementation of our strategy. Karakurt HPP, a 97 MW hydropower asset constructed and successfully operated by our parent company, DKHI, benefits from US dollar-denominated YEKDEM Feed-in-Tariff of USD 73 per MWh for all its production. Additionally, this year the hydropower plant will also receive a local content bonus of USD 23 per MWh on top of the YEKDEM tariff. Moreover, it offers the flexibility to enhance profitability through the provision of ancillary services. Integrating Karakurt into the ENERGO-PRO group will boost our green electricity generation capacity, revenues, and EBITDA. This acquisition provides a natural hedge to ENERGO-PRO by adding US dollar-linked cash flows to match our existing USD-denominated bonds as well as EUR-denominated debt to match our existing EUR-linked cashflows. The Karakurt debt also carries a lower interest cost. Over time, with its EBITDA generation potential and the amortizing profile of its debt, we expect this asset to have a positive impact on our net leverage. Finally, but importantly, this transaction is structured as a set-off and involves no cash consideration.”

About Karakurt

Karakurt is owned by Bilsev Enerji Üretim ve Ticaret A.Ş. (“**Bilsev**”), which is wholly owned by EP Turkish Development, a 100% subsidiary of DKHI.

Karakurt is located on the Aras River within the borders of Kars province of the Sarıkamış district in Eastern Anatolian Region of Türkiye. Bilsev holds a generation license for Karakurt valid until 24 February 2060.

Karakurt includes a dam with a height of 137 metres. A provisional acceptance certificate from the General Directorate of State Hydraulic Works (*Devlet Su İşleri Genel Müdürlüğü*, “**DSİ**”) in respect of the dam body was issued on 16 October 2020. The surface powerhouse of Karakurt is equipped with 3 vertical axis Francis turbines and generators, together providing a combined installed capacity of 97 MW. The generation units of Karakurt were granted provisional acceptance certificates by the Ministry of Energy between 26 October 2020 and 16 December 2020.

The table below provides an overview of electricity generated by Karakurt for the nine months ended 30 September 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021:

	Electricity generated (GWh)				
	Nine months ended 30 September		Years ended 31 December		
	2024	2023	2023	2022	2021
Net generation	219.6	171.7	212.1	247.0	177.4

Karakurt is eligible to benefit from the renewable energy resources support mechanism (*Yenilenebilir Enerji Kaynakları Destekleme Mekanizması*, commonly referred to as “**YEKDEM**”), as well as the bonus tariff for renewable power plants using domestically manufactured products. Bilsev is, therefore, able to sell the entire production of Karakurt for a fixed price of USD 73 per MWh until 31 December 2030, plus an additional USD 23 per MWh as a domestic equipment bonus until 31 December 2025. The prices are fixed in USD but payable in TRY. To benefit from the YEKDEM mechanism Bilsev has to apply to the EMRA by 30 November each year in order to register for the following calendar year. Once approved, Bilsev is then committed to the YEKDEM scheme for the full calendar year. The terms of the Bilsev Facility Agreement require Bilsev to apply for, and participate in, the YEKDEM support mechanism every year. Karakurt is also certified to provide ancillary services including YAL/YAT regulation and secondary frequency control, which provide an additional revenue stream.

The table below provides an overview of revenue and EBITDA of Bilsev for the nine months ended 30 September 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021:

	Nine months ended 30 September ⁽¹⁾		Year ended 31 December ⁽²⁾		
	2024 ⁽³⁾	2023 ⁽³⁾	2023 ⁽³⁾	2022 ⁽³⁾	2021
	(in EUR million)				
Revenue	23.6	18.7	23.2	26.6	13.6
EBITDA.....	20.5	15.9	19.6	23.6	11.0

Notes:

- (1) Financial information for the nine months ended 30 September 2024 and 2023 is based on unaudited and unreviewed management accounts of Bilsev.
- (2) Financial information for the years ended 31 December 2023, 2022 and 2021 is based on audited financial statements of Bilsev.
- (3) Effective from 1 January 2022, Bilsev has applied IAS 29 *Financial Reporting in Hyperinflationary Economies*.

In the twelve months ended 30 September 2024, Bilsev generated revenues of EUR 28.1 million and EBITDA of EUR 24.2 million. As of 31 December 2024, Bilsev had debt of EUR 66.5 million and cash of EUR 4.2 million (of which EUR 1.9 million was restricted cash).

The debt consists of (i) a USD 26 million (EUR 25 million equiv.) loan provided by DKHI on 12 December 2024 (the “**DKHI Shareholder Loan**”) and (ii) a EUR 41.5 million term loan provided by the Czech Export Bank on 16 December 2024 (the “**CEB Term Loan**”). The proceeds of the DKHI Shareholder Loan and the CEB Term Loan were used to repay the amount outstanding under Bilsev’s USD 141 million term loan provided by Akbank T.A.Ş. (the “**Akbank Project Loan**”) in 2016 and used to finance the construction of Karakurt. EPAS had provided a limited guarantee with respect to the Akbank Project Loan which has now been extinguished. The DKHI Shareholder loan is unsecured, bears a fixed interest rate of 8% p.a. payable annually, and is subject to 7 equal annual repayments, with the first repayment to be made in December 2025. The final maturity date with respect to the DKHI Shareholder Loan is 13 December 2031. The CEB Term Loan is guaranteed by EPAS and subject to semi-annual repayments in accordance with a repayment schedule, with the first repayment to be made on 30 March 2025. The principal repayments amount to EUR 4.8 million per annum, with the final repayment at maturity amounting to EUR 12.5 million. The final maturity date with respect to the CEB Term Loan is 30 January 2031. The CEB Term Loan benefits from a comprehensive security package, including but not limited to (i) a pledge over 100% of shares in Bilsev as well as in EP Turkish Development, (ii) a mortgage over all immovable assets and building rights of Bilsev, (iii) a pledge over the commercial enterprise and movable assets of Bilsev, (iv) an assignment of trade and insurance receivables, (v) an assignment of receivables from EPIAŞ, the Turkish energy exchange, and (vi) pledges over the bank accounts of Bilsev. The CEB Term Loan contains financial covenants involving regular monitoring, including a minimum debt service coverage ratio, as well as restrictive provisions and undertakings standard for this type of financing. Bilsev is also required to apply for YEKDEM each year.

Pro forma for the acquisition of EP Turkish Development as well as for the acquisitions of the portfolio of 7 hydropower plants in Brazil in November 2024 and EP Hydro Development in January 2024, the Company’s EBITDA in the twelve months ended 30 September 2024 was EUR 412.3 million, and at 31 December 2024 its gross debt stood at EUR 1,248.3 million and cash amounted to EUR 101.1 million.

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