

January 1, 2024 – June 30, 2024 Interim Activity Report



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ÇATALAĞZI
THERMAL POWER PLANT

GENERAL INFORMATION



INFORMATION ON THE REPORT AND THE COMPANY

Accounting Period to which the Report Relates: 01.01.2024–30.06.2024

TRADE REGISTER INFORMATION

TRADE REGISTRY NUMBER: 8907

TRADE NAME: ÇATES ELEKTRİK ÜRETİM
ANONİM ŞİRKETİ (CATALAGZI THERMAL POWER PLANT)

ADDRESS: ŞAHİNLER MAHALLESİ ŞAHİNLER
(KÜME EVLER) YATAĞAN TERMİK SANTRALİ
SİTESİ NO: 259/1 YATAĞAN/MUĞLA

ISSUED CAPITAL: 165,200,000.00 TL

REGISTERED CAPITAL CEILING: 300,000,000.00 TL

COMPANY REGISTRATION DATE: 19.09.2014

MERSIS NO: 0165029763900019



Date of Listing on the Stock Exchange (BIST):

December 7, 2023

Stock Exchange: Borsa Istanbul


Traded Market: Star Market

Transaction Code: CATES


Traded Indices:

BIST Services / BIST Electricity / BIST Stars / BIST IPO /
BIST All / BIST All-100 / BIST Participation All / BIST 500


2024 in Figures



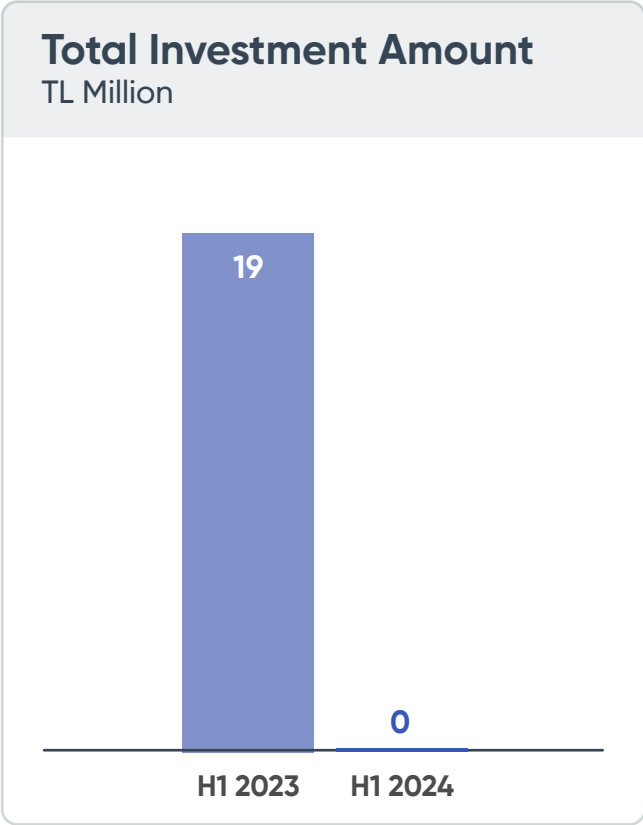
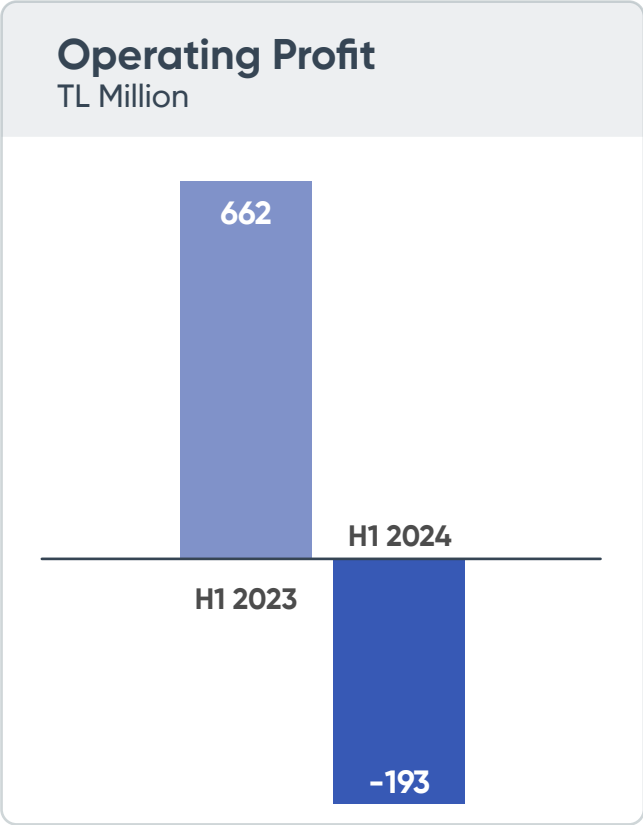
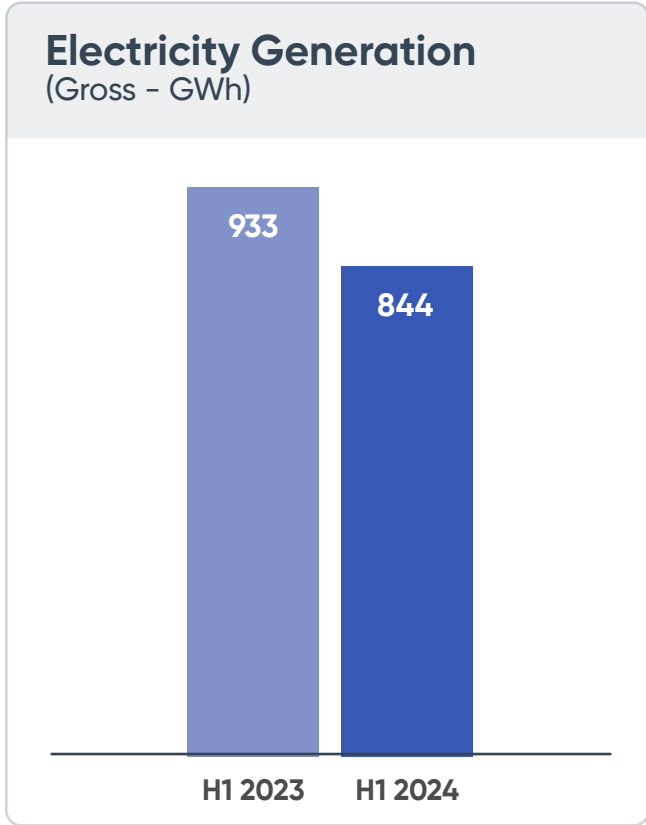
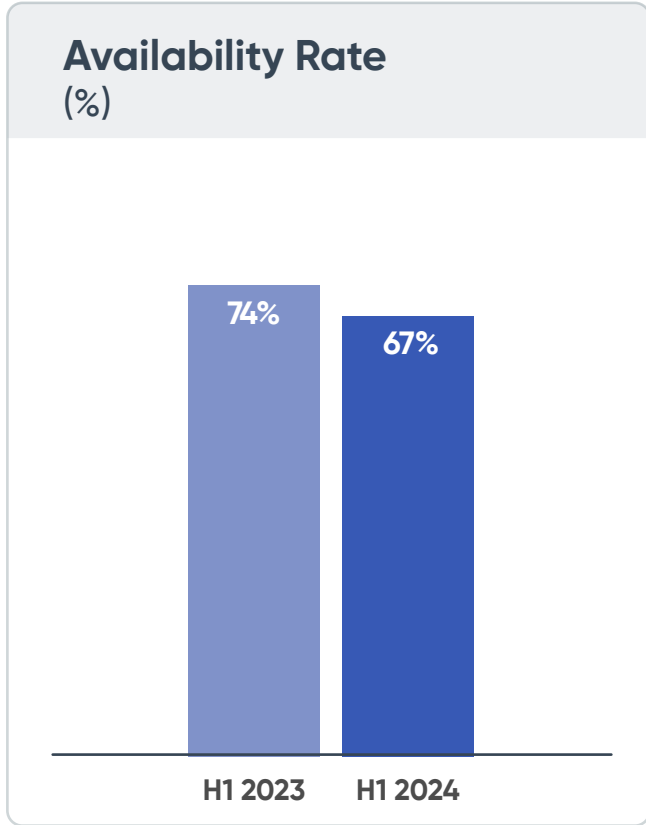
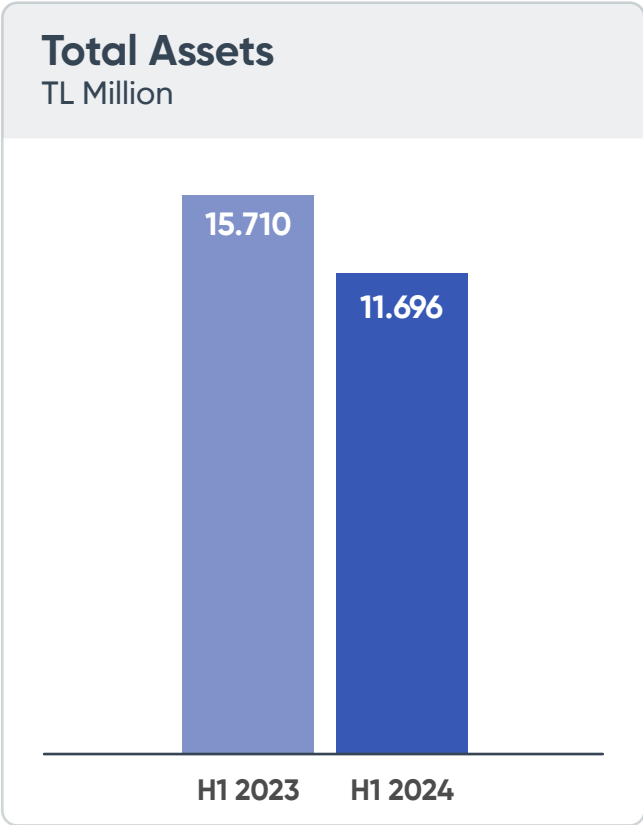
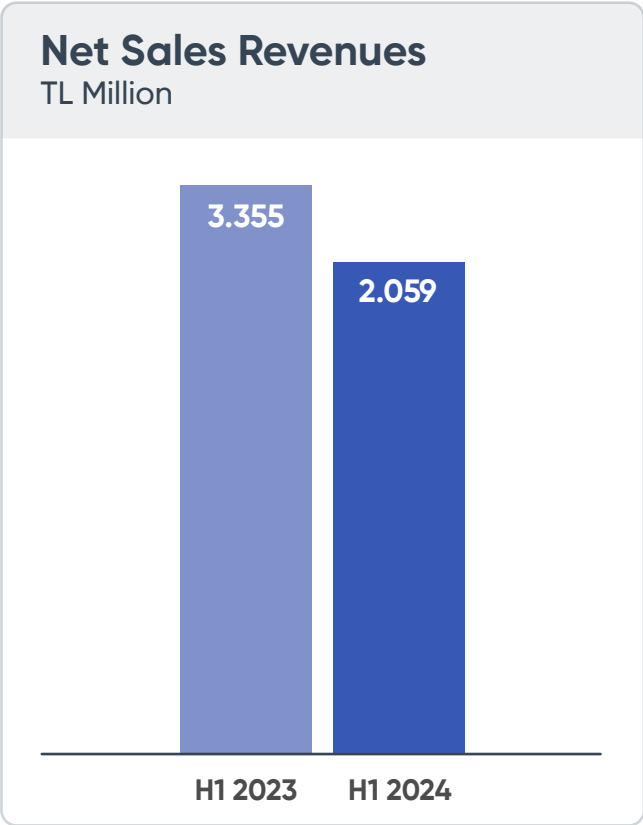
Installed Capacity
314.68 MW



Number of Employees
386 Kişi



Long-Term
Average Generation
2,286 GWh



Key Metrics Summary	30.06.2024	30.06.2023
Net Sales Revenues (TL Million)	2,059	3,355
Total Assets (TL Million)	11,696	15,710
Total Investment Amount (TL Million)	0	19
Operating Profit/(Loss) (TL Million)	-193	662
Gross Electricity Generation (GWh)	844	933
Availability Rate (%)	67%	74%
Total Number of Employees	386	380
Generation Capacity (GWh)	2,286	2,286
Installed Capacity (MW)	314.68	314.68

2024 in Figures

Key Metrics Summary	30.06.2024	30.06.2023
Revenue (TL Million)	2,059	3,355
Gross Profit / (Loss) (TL Million)	-90	508
EBITDA (Million TL)	177	1,121
Operating Profit / (Loss) (Million TL)	-193	662
Period Net Profit / (Loss) (Million TL)	-138	1,119
Earnings / (Loss) Per Share (TL)	-0.83	8.53

Key Metrics Summary	30.06.2024	31.12.2023
Cash and Cash Equivalents (Million TL)	61	1,427
Net Financial Debt/Equity %	-0.95%	41.15%
Net Financial Debt/EBITDA (Million TL)	-0.13	0.03

2024	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE						
PTF- TL	1,942.90	1,957.68	2,190.11	1,764.04	2,047.32	2,095.23						
PTF-USD	64.84	63.85	68.71	54.66	63.59	64.58						
2023	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
PTF- TL	3,431.49	2,802.71	2,126.22	1,770.82	1,907.28	1,623.92	1,977.40	2,251.01	2,006.84	2,249.84	2,066.91	2,075.00
PTF-USD	182.96	148.92	112.18	91.80	97.12	70.33	74.95	83.60	74.57	81.00	72.37	71.52
2022	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
PTF- TL	1,177.99	1,404.50	1,670.85	1,830.55	1,763.03	2,340.13	2,330.37	3,066.55	3,850.59	3,470.02	3,43.31	3,724.41
PTF-USD	87.27	103.15	114.65	124.73	112.94	138.01	134.15	170.33	210.84	186.97	184.99	199.86

Balance Sheet Items (Million TL)	30.06.2024	31.12.2023
Total Assets	11,696	13,938
Total Equity	9,929	10,082
Total Financial Debt	0	1,520
Net Financial Debt	-94	58

Summary Financial Position Statement (TL)	30.06.2024	31.12.2023
Current Assets	813,996,101	2,711,073,555
Fixed Assets	10,881,511,200	11,226,898,958
Total Assets	11,695,507,301	13,937,972,513
Short - Term Liabilities	365,866,892	2,486,891,173
Long - Term Liabilities	1,400,701,750	1,368,842,534
Equity	9,928,938,659	10,082,238,806
Total Liabilities and Equity	11,695,507,301	13,937,972,513

Summary Profit or Loss Statement (TL)	30.06.2024	30.06.2023
Revenue	2,058,930,332	3,354,715,561
Cost of Sales (-)	(2,149,392,087)	(2,847,075,684)
Gross Profit / (Loss)	-90,461,755	507,639,877
General administrative expenses (-)	(148,776,721)	(130,125,227)
Other income from main activities	54,402,721	298,418,489
Other expenses from main activities (-)	(8,530,312)	(14,233,379)
Operating Profit / (Loss)	(193,366,067)	661,699,760
Income from investing activities	773,569	--
Operating profit / (loss) before financing expense	(192,592,498)	661,699,760
Financing Income, Net	88,231,103	272,833,138
Continuing operations pre-tax profit	(104,361,395)	934,532,898
Continuing operations tax income / (expense)	(33,301,953)	184,646,871
Net Profit / (Loss) for the Period	(137,663,348)	1,119,179,769

Shareholding Structure

The partnership structure and breakdown of the company as of the report date are given below:
Information on Direct Shareholding of the Company

Partner's Name-Surname/ Trade Name	Share in Capital (TL)	Share in Capital (%)
Parla Energy Investments Inc.	132,150,000	79.99
Public	33,050,000	20.01
Total	165,200,000	100.00

Information on Direct Shareholding of Parla Enerji Yatırımları AŞ

Partner's Name-Surname/ Trade Name	Share in Capital (%)
Aydem Holding A.Ş.	100.00
Total	100.00

Real and Legal Persons with an Indirect Share of More than 5% in the Capital

Partner's Trade Name/ Name Surname	Share in Capital (TL)	Share in Capital (%)
Ceyhan Saldanlı	96,074,253.27	58.16
Ali Yağlı	31,453,554.92	19.04

Subsidiaries

None.

Company's Portfolio

The commissioning works for Unit 1 and Unit 2 were completed in 1989 and 1991 respectively. The Power Plant consists of two units, 2x157.34 MWe, with a total power of 314.68 MWe. Unit 1 of the Power Plant began commercial operation (providing electricity to the system) in 1990 and Unit 2 in 1991.

The Company was established for the purpose of evaluating the coal obtained from the Zonguldak region and using it in electricity generation, and was acquired through asset sales following a tender opened by the Privatization Administration in 2014. The Company has a 49-year electricity generation license starting in 2014. It was operating within the body of EÜAŞ before privatization.

The Company generates and sells electricity through various mineral and coal-based thermal power plants with the electricity generation license numbered EÜ/5358-1/03178 dated December 18, 2014. The license in question is valid until December 22, 2063.

Catalağzı Thermal Power Plant, as the first thermal power plant of our Republic, has played an important role in the development of the country's industry. *The company's average energy production capacity for many years is 2,286 GWh.*

City/District where the power plant is located	License Number	Licensed Installed Power	License Issue Date	License Term From Issu	Date of Commissioning
Zonguldak / Çatalağzı	EÜ/5358-1/03178	314.68 MWe/319.6 MWm	18.12.2014	49	22.12.2014

The table containing the annual installed power and production values of the Power Plant is given below:

Explanations	2020	2021	2022	2023	H1 2024
Installed Power (MWe) (MWe)	314.68	314.68	314.68	314.68	314.68
Gross Production Quantity (MWh)	1,233,763	1,219,382	1,867,412	2,033,349	843,719

The coal obtained from Çatalağzı and Zonguldak regions, which are affiliated with the General Directorate of Turkish Hard Coal Enterprises, is not utilized in places of use due to low efficiency, and consists of washing residues. The coal in question is used by blending with low-moisture coals for thermal power plants in terms of energy production and making it suitable for use, and constitutes an important resource of the Power Plant.

In the Power Plant, mix, slurry, run-of-mine from Çatalağzı and Zonguldak coal washing facilities, lignite from outside the region, light shale mixture and, if necessary, imported coal for enriching the burned coal are burned. The daily coal consumption of the Power Plant is approximately 2,800 tons for one unit, and 2,530 kcal/kg energy is spent for 1 kWh energy production.

• **Boiler:** Reheater, single-burner, drum natural circulation boiler. (Boiler, the process where the necessary energy is obtained by burning coal and converting pure water into superheated steam. Brand is Transelektro.) Capacity: 480 t/h Steam Temperature: 535 °C Steam Pressure: 139.5 kg/cm2

• **Turbine:** Two-cylinder, double exhaust, reheater line, condenser turbine. (Superheated steam rotates the turbine at 3,000 rpm, which enables the generator, which is coupled, to rotate. Brand is Mitsubishi.) Capacity: 157,340 kW/h Steam Pressure: 135 kg/cm2 Temperature: 535 °C Rotation Speed: 3,000 rpm

• **Generator:** Hydrogen-cooled, 3-phase generator. (While it is rotated at 3,000 rpm with the turbine it is coupled to, it generates energy by excitation of its rotor and feeds the step-up transformer to be transmitted to the interconnected system. Its brand is Mitsubishi) Capacity: 180 MVA Output Voltage: 15 KV Frequency: 50 Hz

In the power plant, the coal to be burned is supplied by conveyor belt from TTK Çatalağzı Institution, by Turkish Republic State Railways (TCDD) wagons from Kozlu and Üzülmöz Institutions and by trucks from Private royalty companies. The average daily coal requirement of the power plant is 5,600 tons/day for 2 units and the annual requirement is approximately 1,650,000 tons/year.

The coal stock area capacity of the power plant is 170,000 tons. Electricity production is realized by sending the superheated steam obtained by heating the pure water with the heat emitted by the coal burned in the boiler to the turbine and releasing its energy to the rotational movement created by hitting the turbine blades and exciting the coupled generator.

Availability and Capacity

The availability rate for the first half of 2024 is 67%, The capacity utilization factor is 61%.

The table below contains operational data for Çatalağzı Thermal Power Plant:

Availability Rate (*)					Capacity Factor (**)				
2020	2021	2022	2023	H1 2024	2020	2021	2022	2023	H1 2024
47%	48%	76%	80%	67%	45%	44%	68%	74%	61%

(*) The Availability Rate shows the portion of the total time (365 days*24 hours=8,760 hours) that the plant is ready for production, excluding planned downtime due to maintenance and repair and unplanned downtime due to failure.

(**) The Capacity Factor is the division of the total energy produced by the plant in a certain period by the energy it can produce at full capacity.

2024



**FIELDS OF ACTIVITY
AND INVESTMENTS**



Fields of Activity and Investments

Fields of Activity:

Catalağzı Thermal Power Plant, as the first thermal power plant of our Republic, has played an important role in the development of the country's industry. The company's installed capacity is 314.68 MWe and its average electricity production for many years is 2,286 GVVh.

The table containing the annual installed capacity and production values of the plant is given below:

Explanations	2020	2021	2022	2023	H1 2024
Installed Power (MWe)	314.68	314.68	314.68	314.68	314.68
Gross Production Amount (MWh)	1,233,763	1,219,382	1,867,412	2,033,349	843,719

In the Power Plant, the coal to be burned is supplied by conveyor belt from TTK Çatalağzı Institution, by Turkish Republic State Railways (TCDD) wagons from Kozlu and Üzülmöz Institutions and by trucks from Private royalty companies. The average daily coal requirement of the Power Plant is 5,600 tons/day for 2 units and the annual requirement is approximately 1,650,000 tons/year. The coal stockpile capacity of the Power Plant is 170,000 tons.

The coal obtained from Çatalağzı and Zonguldak regions, which are affiliated with the General Directorate of Turkish Hard Coal, is not utilized in places of use due to low efficiency, consists of high ash content and washing residues. The said coal is used by blending with low moisture coals for thermal power plants in terms of energy production and making it suitable for use, and constitutes an important resource of the Power Plant.



Investments:

The Company's tangible fixed assets consist of mining assets and other fixed assets. Mining assets consist of purchased mining rights costs, plant machinery and equipment, other assets and deferred mining extraction costs. Other fixed assets consist of power plant assets, ongoing investments and other tangible fixed assets. All tangible fixed assets belonging to energy production plants are classified as land, buildings, machinery, equipment and fixed assets in the Power Plant assets item classified under other fixed assets.

The net book value of mining assets as of 30 June 2024 is 300 million TL (30 June 2023: 297 million TL), and the net book value of other tangible fixed assets as of 30 June 2024 is 10,040 million TL (30 June 2023: 12,326 million TL).

The Company has organized all tangible fixed assets belonging to energy production plants within the tangible fixed assets account item as a separate tangible fixed asset group under the name of "Power Plant Assets". Power plants consist of asset groups with similar characteristics used in the activities of an enterprise and include land, buildings, machinery, equipment and fixed assets. The Company has adopted the revaluation method in accordance with TAS-16 for power plant assets reported under tangible fixed assets. The valuation report prepared by PwC Management Consultancy Inc. is about estimating the total corporate value of the Company. In the valuation study, the income approach, which includes the reduction of cash flows to net present value, was calculated with the discounted cash flow method (DCFT). The net present value was estimated using the discount rate appropriate to the Company's risk profile and activities. The Company has accounted for its power plant assets based on their remeasured fair values as of December 31, 2022 and December 31, 2023. As of 30 June 2024, the power plant assets are carried in the financial statements at the revalued amount of TL 10,013,136,623 (30 June 2023: TL 12,207,000,864).

The Company's entries into its fixed assets are shown in the table below.

Tangible Fixed Assets of the Mine-Inputs	30.06.2024	30.06.2023
Plant, Machinery and Equipment	0	161,061,544
Other Assets	199,075	3,515,739
Deferred Mining Cost	2,249,888	0
Total	2,448,963	164,577,283

The financing period, completion percentage and financing details for investments in tangible fixed assets of the mine are given in the table below.

Investment Details	Period	Completion	Financing
Çankırı Orta Coal Field License and Operating Rights	2022	100%	Equity
Zonguldak Bağlık-İnağzı Field License and Operating Rights	2022	100%	Equity
Zonguldak Bağlık-İnağzı Field License Fee	2023	100%	Equity
Dryer, Screening and Crushing Stock Facility and Equipment	2022-2023	Continues	Equity

The Company acquired the license and operating rights of Çankırı Orta and Zonguldak Bağlık-İnağzı coal fields on December 19, 2022 and November 28, 2022, respectively, for the Çankırı Orta field for TL 57,788,634 (indexed amount based on purchasing power as of June 30, 2024) and for the Zonguldak Bağlık-İnağzı coal mine field for TL 97,374,257 (indexed amount based on purchasing power as of June 30, 2024).

As of December 31, 2023, production has not started in the Zonguldak Bağlık-İnağzı field. In 2023, a dryer, screening and crushing stock facility worth 172,320,265 TL (indexed amount based on purchasing power as of June 30, 2024) was built in the Çankırı-Orta field, and these investments are classified as fixed assets of the mine in the plant machinery and equipment.

The coal field in Çankırı was transferred to the Company on October 14, 2022. A reserve valuation report was prepared by the UMREK (National Mineral Resource and Reserve Reporting Commission) Competent Person on July 28, 2023 regarding the field. Accordingly, it is anticipated that a total of 28 million tons of coal can be produced in the field with a redemption rate of 1.04 m3 / ton. Coal has an average value of 1000 (±200) kCal / kg. In the field where production is possible with the Open Pit Mining method, production conditions and the cover layer-coal amount ratio provide optimum conditions. When the general geological structure of the area where the quarry is located is examined, it is seen that it is an extremely suitable and problem-free region for mining activities. Production can be carried out without the need for drilling and blasting activities. In addition, it is very close to the main road, electricity and water lines in terms of location.

Zonguldak Bağlık-İnağzı Field License and Operating Rights; A transfer agreement was signed between Tümaş Marble and TTK on August 15, 2018 for the mining license with registration number 86108, which was tendered by the General Directorate of Turkish Hard Coal Enterprises in 2018. According to the agreement, the operating right was transferred until December 31, 2049. The License transfer by MAPEG was completed in 2022. The license was transferred to the Company by Tümaş Marble Industry and Trade Inc. on November 28, 2022. The average run-of-mine coal calorie in the basin is 3500 Kcal/kg. After enrichment studies, coal quality can reach 6000-7000 Kcal/kg.

Fields of Activity and Investments

The Company's power plant investment expenditures consist of flue gas treatment plant investments and conveyor belt system investments, and both investments were completed by financing through equity.

Flue Gas Treatment Plant; The flue gas treatment plant established in 2020 aimed to bring the sulfur dioxide (SO₂) values of the Power Plant in line with the conditions in the environmental legislation. The investment in question was completed in 2020 and put into operation.

Conveyor Belt System Investment; The belt renewal project, which started in 2020 due to the wear of the conveyor belts feeding the boiler, was completed in 2022. The amounts transferred from ongoing investments to power plant assets are not included in the tangible fixed asset entries.

As of June 30, 2024, the Company's Industrial Solid Waste Facility Ash Dam and other power plant investments are ongoing.

The ash dam rehabilitation project covers the improvement works requested under the relevant article of the Regulation on Regular Storage of Wastes. These works are the construction of a 3528-meter rainwater channel, a 3270-meter protection fence and a service road. Field works for the said works started on April 14, 2021 and the dam body, which is at an elevation of +90 meters, was gradually raised by 18 meters and the front face (upstream) was covered with a membrane to increase the stock area of the dam.

Çankırı Middle Coal Field Facility Investments; A 500 ton/hour capacity crushing-screening-storage facility investment is being made in the field.

The installation and commissioning of a 50 ton/hour capacity coal drying facility is ongoing. The targeted coal calorific value after the drying facility is commissioned is in the range of 1750-2000 kCal/kg. As of June 30, 2024, an investment of 172,320,265 TL (indexed amount based on purchasing power as of June 30, 2024) has been made.

Bağlık-İnağzı Field Drilling and Project Studies; Project preparations have started after the drilling works started in places close to the surface in 2023. Investment works will be planned according to the project results



CORPORATE GOVERNANCE



Board of Directors



Mehmet Akif GÜL

(Chairman of the Board of Directors, Natural Person Representative of Aydem Holding)

Mehmet Akif Gül graduated from the Department of Metallurgical Engineering at Middle East Technical University. Mehmet Akif Gül, who started his career in 1980 at Elsan Elektrik Gereçleri A.Ş., where he was a shareholder in its establishment, continues to serve as the Chairman of the Board of Directors at the same company. Mehmet Akif Gül, who has 40 years of experience in the sector, has also served as the Vice Chairman of the Board of Directors at Aydem Energy group companies ADM Elektrik Dağıtım A.Ş. and GDZ Elektrik Dağıtım A.Ş. He is currently the General Manager at Elsan and a Board Member at Tümaş Mermer A.Ş.

You can access the "Duties Assumed Outside the Partnership as of the Current Situation" and "Duties Assumed in the Partnership in the Last 5 Years" of our Board of Directors Members via the General Information-Information on Management tab on our Company's Public Disclosure Platform (PDP) page.



Hamdi ALP

(Vice Chairman of the Board, Director)

Hamdi Alp holds a bachelor's degree from Trakya University, Department of Public Administration. Hamdi Alp began his career as a Cost Control Manager at Reysas Gıda A.Ş. between January 2001 and December 2004. He worked as a Budget and Cost Control Specialist at Dünya Göz Hastanesi between July 2005 and October 2006, and as the Deputy Financial Affairs Group Manager at Medical Park Hospital between October 2006 and July 2009. Hamdi Alp then assumed the role of Financial Affairs Manager at Akfel Holding between July 2009 and October 2016, and served as Financial Affairs Director at Isystems Endüstri between November 2016 and May 2018. Hamdi Alp became the Financial Affairs Group Manager at Aydem Holding in October 2018, and began working as the Company's Financial Affairs Director in August 2019. He was appointed as the CFO of Aydem Renewable Energy Inc. in March 2020. As of April 2023, he continues to serve as the General Manager of Aydem Group Thermal Power Plants.



Emirhan KARAYAY

(Board Member)

Emirhan Karayay completed his undergraduate education in Business Administration and his master's degree in Financial Management (MS) from Istanbul University, Institute of Business Economics. He started his career as a Human Resources Specialist at Şahinler Holding in 1999. Between 2005 and 2012, he worked as Human Resources Manager and Human Resources Director at Yıldız Holding in 2015, respectively. Between 2012 and 2013, he worked as Human Resources Manager at Matlı Group of Companies. Between 2013 and 2018, he worked as Human Resources Director at Eksim Investment Holding. He joined Aydem Holding in 2019 and first served as Aydem Holding Human Resources Group Director. Then, he worked as Human Resources Director at Aydem Yenilenebilir A.Ş. and between 2020 and 2022, he worked as the Director of Aydem Holding Electricity Distribution Companies ADM Elektrik Distribution Inc. and GDZ Elektrik Distribution Inc. He served as Human Resources Director. As of 2023, he was re-appointed as Aydem Holding Human Resources Group Director and continues to serve as Human Resources Group President and is a board member in Aydem Energy group companies.



Ridvan Edip AKDENİZ

(Board Member, Power Plant Director)

Ridvan Edip Akdeniz graduated from Kocaeli University, Faculty of Engineering, Department of Electronics and Communication Engineering in 2005. He started his career at Yatağan Yeniköy Electricity Production Inc., where he served as Production Manager, Measurement Control Engineer, FDG Operation Engineer, and Chief Engineer. He started working at Aydem Energy in 2014. Akdeniz first served as Deputy Plant Manager at Yatağan Thermal Energy Production Inc., and then as Senior Thermal Power Plant Production Planning Manager in 2019.

Ridvan Edip Akdeniz has been serving as Catalağzı Thermal Power Plant Director since 2021.



Kemal USLU

(Independent Board Member)

Kemal Uslu, who graduated from Gazi University with a bachelor's degree in Physics, started his public service in 1981 and worked at various levels at TEK, TEAŞ and TETAŞ. Starting from 2000, Uslu served as a project manager in the restructuring of the Turkish electricity market and served as TEAŞ Legislation and Tariffs Director, TETAŞ Energy Sales Department Head and Deputy General Manager. An expert in information technologies, modeling, short/long term electricity demand/price projections, wholesale/retail electricity trade, reflection of risk sharing in contracts, regulated tariffs and project valuation feasibility studies, Uslu also served as a member of the 10th and 11th development plan energy supply security and efficiency special expertise commission and as a consultant to the TOBB Turkey Energy Assembly.



Ayben KOY

(Independent Board Member)

Assoc. Prof. Dr. Ayben Koy, who graduated from Istanbul University Faculty of Economics in 2004, started working at Istanbul Commerce University in 2012 after 8 years of work in the finance sector and other sectors. Koy, who completed her Master's Degree in Business Administration at Yıldız Technical University, received her Doctorate in Finance with her thesis on Derivative Markets at Istanbul University in 2016. Koy, who received the title of Associate Professor from the Council of Higher Education in 2018, has written books on derivative markets in Turkish and English. She is the co-author of a book in financial econometrics. She has numerous works in the field of finance, especially derivative markets and capital markets. She teaches undergraduate and graduate courses at universities in Turkey and abroad. She provides consultancy to businesses in various areas of finance such as financial management, risk management, hedging, and valuation.

As of the report date, 21 Board of Directors meetings were held in 2024, and the attendance rate was 100%.

Evaluation of the Board of Directors

Messages from the Management, Risks and Opportunities

As Çates Elektrik Üretim, we use internationally accepted risk management principles in our risk management processes and fully comply with the Corporate Governance Principles regulation of the Capital Markets Board. As Çates Elektrik Üretim, we integrate risk management into the entirety of our activities and strategic planning; we implement a reliable risk management mechanism in all our investment decisions and processes, and we comprehensively evaluate all risks and opportunities. Thanks to our risk awareness, which has become a corporate culture in all our processes and units, we ensure that our strategic decisions and operational activities remain within the limits of our risk appetite, and we manage all risk elements that may negatively affect our Company and stakeholders, including financial performance and reputation, in the most effective way.

We regularly review the risk management policies and systems that we have determined in order to identify and analyze the risks to be encountered, determine appropriate risk limits and monitor key risk indicators and risks in comparison with the relevant limits.

The Board of Directors is responsible for creating plans and policies regarding risk management activities at Çates Elektrik Üretim. The Board of Directors has assigned the Early Detection of Risk Committee to manage risks effectively. The Early Detection of Risk Committee meets periodically at least six times a year and more frequently if necessary. Çates Elektrik Üretim Risk Management Policy has been approved by the Çates Elektrik Üretim Board of Directors and explains the general principles and management principles regarding the Çates Elektrik Üretim risk management strategy, risk management framework.

The Company's risk management manager or legal and compliance manager is responsible for the creation of supporting documentation in parallel with the risk management plan and policies and the implementation of risk management activities. In addition, in order to make faster decisions and take quick action in variable and competitive market conditions, risk management has been fully integrated into Çates Elektrik Üretim's daily activities and strategic planning.

As Çates Elektrik Üretim, we work with the belief that protecting our Company's assets and values in the long term, ensuring sustainable financial performance, competitive power and growth, and protecting the interests of all our stakeholders can be achieved through the effective management of financial and non-financial risks. In addition to the financial impacts of risks, we evaluate their reputational impacts, impacts on supervisory and regulatory institutions, impacts on employees, and our value chain. As Çates Elektrik Üretim, we use internationally accepted risk management principles in our risk management processes, and we take all necessary actions to comply with the Capital Markets Board's Corporate Governance Principles regulation.

As Çates Elektrik Üretim, we integrate risk management into all of our activities and strategic planning; we implement a reliable risk management mechanism in all of our investment decisions and processes, and we comprehensively evaluate all risks and opportunities. Thanks to our risk awareness, which has become a corporate culture in all of our processes and units, we ensure that our strategic decisions and operational activities remain within the limits of our risk appetite, and we manage all risk elements that may negatively affect our Company and stakeholders, including financial performance and reputation, in the most effective way.

The Board of Directors' Assessment of the Internal Audit and Control System and the Activities Conducted Within This Scope

The internal audit and control activities conducted within Çates Elektrik Üretim A.Ş. have a systematic structure designed to evaluate whether risk management, financial reporting, control and governance processes are carried out effectively, adequately, efficiently and in compliance with current legal and internal company regulations; and whether information systems are managed securely and reliably. The Internal Audit Function, which carries out its activities within this scope with a risk-focused approach; regularly reports its work to provide reasonable assurance to the Board of Directors, shareholders and other stakeholders, and acts as an independent and objective assurance function that receives its authority from the Company's Board of Directors. The Internal Audit Function also monitors the appropriate definition of targets related to compliance with the ethical rules and working principles defined within the company, their adequate and effective realization, and carries out the activities in its area of responsibility.

In this context, central and on-site internal audit activities were conducted within the Company in accordance with the 2024 Audit Plan. It has been observed that audit and control activities are of a nature that can provide a reasonable level of assurance for risk management, internal control and governance processes. During the audits, agreements have been reached with the Management on actions that will improve individual control deficiencies identified, and whether these actions are implemented in a timely manner has been periodically monitored.

Evaluation of the Board of Directors Regarding Financial Status and Activity Results

As a result of great effort and devoted work, our Company has been offered to the public as of December 7, 2023 and has started to be traded on Borsa Istanbul - Yıldız Pazar.

After the changes in economic conditions, the fair valuations of the power plants were re-conducted and the total asset size increased by 57% in the first quarter of 2024 compared to the first quarter of 2023. The change in the fair values of the power plants also had a positive effect on the equity size.

Evaluation of the Board of Directors Regarding Committees

Within the Board of Directors; Five committees have been established: "Audit Committee", "Corporate Governance Committee", "Early Risk Detection Committee", "Sustainability, Environment, Occupational Health and Safety" and "Investment Committee".

The committees meet in accordance with the meeting agendas created within the scope of their purposes and duties, within the framework of their working principles and make recommendations and presentations to the Board of Directors in line with the decisions taken.

No committee meeting has been held as of the date of the report.

Detailed information about the committees is available on the Company's website at <https://www.cates.com.tr/en/committees>

Senior Management

Personnel with a voice in the management:

Hamdi ALP (General Manager)

Hamdi Alp holds a bachelor's degree from Trakya University, Department of Public Administration. Hamdi Alp began his career as a Cost Control Manager at Reysas Gıda A.Ş. between January 2001 and December 2004.

He worked as a Budget and Cost Control Specialist at Dünya Göz Hastanesi between July 2005 and October 2006, and as the Deputy Financial Affairs Group Manager at Medical Park Hospital between October 2006 and July 2009. Hamdi Alp subsequently served as the Financial Affairs Manager at Akfel Holding between July 2009 and October 2016, and as the Financial Affairs Director at İsystems Endüstri between November 2016 and May 2018. Hamdi Alp became the Financial Affairs Group Manager at Aydem Holding in October 2018, and began working as the Company's Financial Affairs Director in August 2019. He was appointed as the CFO of Aydem Renewable Energy Inc. in March 2020. He continues his duty as the General Manager of Aydem Group Thermal Power Plants in April 2023.

Ahmet Ersoy Önal (Financial Affairs Director)

Mr. Ahmet Ersoy Önal was born in Aydın on 01.07.1983. He is married and has 2 children. He completed his undergraduate education in the Department of Business Administration at METU Faculty of Economics and Administrative Sciences between 2001-2006 and his master's degree in the Department of Industrial Engineering at METU between 2009-2011. Mr. A. Ersoy Önal, who has been in professional life since 2006, started his business life as a Management Trainee at Toyota Töyan. He served as the Deputy General Manager at the same company between 2007-2009. Mr. Önal, who assumed the position of Inspector at Yapı ve Kredi Bankası between 2009-2011, worked as an internal auditor at İC İbrahim Çeçen Holding between 2011-2012. He worked at Enerjisa as a Senior Internal Auditor Specialist and Internal Audit Manager, respectively. He joined Aydem Holding as the Internal Audit and Control Director in 2017 and worked as the Financial Affairs Director at Aydem&Gediz Elektrik Perakende Satış A.Ş. between 2019-2024. Mr. Önal started working as the Financial Affairs Director at Çates Elektrik Üretim A.Ş. on May 1, 2024.

Rıdvan Edip AKDENİZ (Power Plant Director)

Rıdvan Edip Akdeniz graduated from Kocaeli University, Faculty of Engineering, Department of Electronics and Communication Engineering in 2005. He started his career at Yatağan Yeniköy Electricity Production Inc., where he served as Production Manager, Measurement Control Engineer, FDG Operation Engineer, and Chief Engineer. He started working at Aydem Energy in 2014. Akdeniz first served as Deputy Plant Manager at Yatağan Thermal Energy Production Inc. at Aydem Energy, and then as Senior Thermal Power Plant Production Planning Manager in 2019.

Rıdvan Edip Akdeniz has been serving as Çatalağzı Thermal Power Plant Director since 2021.

Atilla Eren YILDIRIM (Tax and Finance Group Director)

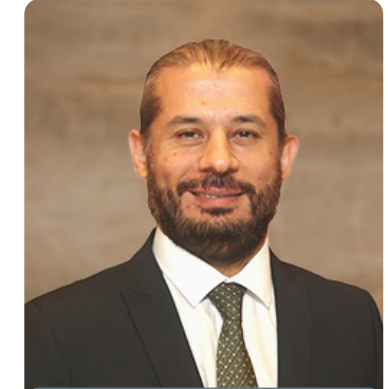
Atilla Eren Yıldırım completed his undergraduate education at the Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Political Science and Public Administration in 2006-2011; and his master's degree at the Bahçeşehir University, Institute of Social Sciences, Department of Business Administration in 2020.

Yıldırım started his career in 2011 in the Tax department of PwC Turkey. After working as a tax consultant in full certification services for 3 years, he moved to the Mergers/Acquisitions and International Tax Structuring department of the same company. In 2014, he worked as a Senior Tax Consultant and in 2017 as a Tax Manager, he worked on 50+ projects in the fields of M&A, international tax structuring, modeling and consultancy in the manufacturing, energy, healthcare, entertainment, automotive, logistics, technology, chemicals, pharmaceuticals, food and retail sectors. Yıldırım has the title of Certified Public Accountant (CPA) as of 2016.

Atilla Yıldırım joined Aydem Energy as the Tax Group Manager in February 2020; he worked as the Tax Group Director between January 2023 and April 2024. As of May 1, 2024, he continues his duty as the Tax and Finance Group Director of Aydem Energy.



Hamdi ALP



Ahmet Ersoy
ÖNAL



Rıdvan Edip
AKDENİZ



Atilla Eren
YILDIRIM

You can access the "Duties Undertaken Outside the Partnership as of the Current Situation" and "Duties Undertaken in the Partnership in the Last 5 Years" of our Company's Senior Management via the General Information-Information on Management tab on our Company's Public Disclosure Platform (PDP) page.

Committees and Policies

Committees

A total of five committees were established within the Company in accordance with the relevant legislation, namely the Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee, Investment Committee and Sustainability Committee, with the Board of Directors' decision dated June 11, 2024 and numbered 2024/21. In accordance with the CMB Corporate Governance Communiqué numbered N-17.1, the duties and responsibilities of the Nomination Committee and Remuneration Committee are carried out by the Corporate Governance Committee. The details regarding the duties and working principles of the committees are available on our Company's website <https://www.cates.com.tr/en/committees>

According to the Articles of Association, changes to the working principles of the committees are subject to the approval of the Board of Directors.

Our Policies

You can access detailed information about our Company's policies and committee working principles via the Corporate Governance tab in the Investor Relations menu on our Company's website or via the link <https://www.cates.com.tr/en/policies>

Audit Committee		
Ayben KOY	President	Independent Board member
Kemal USLU	Member	Independent Board member

Corporate Governance Committee		
Kemal USLU	President	Independent Board member
Ayben KOY	Member	Independent Board member
Hüseyin KONUR*	Member	Investor Relations Manager

In accordance with Article 11 of the CMB Communiqué on Corporate Governance numbered II-17.1, the Investor Relations Department Executive has been assigned to the Corporate Governance Committee.

Early Risk Detection Committee		
Ayben KOY	President	Independent Board member
Kemal USLU	Member	Independent Board member
Ahmet Ersoy ÖNAL	Member	Director of Financial Affairs

Investment committee		
Yehrrui Akit GÜL	President	Chairman of the Board of Directors
Calip AYKÖSE	Member	Head of Financial Affairs Group
Hamdi ALP	Member	Vice Chairman of the Board of Directors & General Manager
Ahmet Ersoy ÖNAL	Member	Financial Affairs Director
Ayben KOY	Member	Independent Board Member
Kemal USLU	Member	Independent Board Member

Sustainability committee		
Cem ÇELEBİ	President	HSE and Sustainability Group Director
Hamdi ALP	Member	Vice Chairman of the Board of Directors A General Manager
Rıdvan Edip AKDENİZ	Member	Board Member & Power Plant Director
Tülin YILMAZ	Member	HSE and Sustainability Manager
Ayben KOY	Member	Independent Steering Committee Member
Kemal USLU	Member	Independent Steering Committee Member

Profit Distribution Policy

Article 1: Scope and Legal Basis

This Profit Distribution Policy determines the principles regarding the profit share and profit share advance distributions to be made by Çates Elektrik Üretim A.Ş. ("Company") within the scope of its articles of association ("Articles of Association") and relevant regulations. This policy has been prepared within the scope of the Articles of Association, Capital Markets Law No. 6362 ("CML"), Turkish Commercial Code No. 6102 ("TCC"), Profit Share Communiqué No. 11-19.1 ("Profit Share Communiqué"), Corporate Governance Communiqué No. 11-17.1 and relevant legislation.

Article 2: Objective

The purpose of the profit share distribution policy is to ensure that the Company follows a balanced and consistent policy between investors and the Company's interests in accordance with the relevant legislation, to inform investors and to maintain a transparent policy towards investors in terms of profit distribution.

Article 3: Principles of Dividend Distribution

The dividend distribution decision, the method and time of profit distribution are decided by the Company's general assembly upon the proposal of the board of directors. As long as the relevant regulations and financial possibilities allow, considering market expectations, the Company's long-term strategies, capital requirements of affiliates and subsidiaries, investment and financing policies, contractual obligations, profitability and cash status; it is aimed to distribute at least 50% of the distributable net profit calculated within the framework of the Articles of Association, TCC, CMB, Dividend Communiqué and tax regulations to the shareholders and other persons participating in the profit. Dividends can be distributed in cash and/or by giving free shares and/or by using these two methods together at certain rates. Dividends are distributed equally to all existing shares as of the distribution date, regardless of their issuance and acquisition dates. There is no share among the

Company's shares that provides for dividend privileges. Provisions may be made in equal or different installments, provided that the general assembly meeting at which the dividend distribution decision is reached is resolved.

Unless the reserve funds that must be set aside according to the TCC and the Articles of Association and the dividend determined for shareholders in the Articles of Association or this dividend distribution policy are set aside; no other reserve funds can be set aside, profits can be transferred to the following year, and dividends cannot be distributed to dividend holders, board members, Company employees, foundations and persons and institutions other than shareholders, and dividends cannot be distributed to these persons unless the dividend determined for shareholders is paid in cash.

Profit distribution transactions shall begin on the date specified in the general assembly, provided that they begin no later than the end of the accounting period in which the general assembly meeting at which the distribution decision was made was held. According to the Articles of Association, the dividend distribution decision made by the general assembly cannot be withdrawn unless permitted by law.

If the board of directors proposes to the general assembly not to distribute profits, the reasons for this and information on the method of using undistributed profits are included in the agenda item regarding profit distribution and this issue is presented to the shareholders at the general assembly.

Article 4: Principles for Distribution of Dividend Advances

The general assembly of the company may decide to distribute dividend advances to shareholders within the framework of the provisions of the CMB and other relevant legislation. The relevant legislation provisions shall be complied with in the calculation

and distribution of the dividend advance amount. The dividend advance is distributed in cash based on the profits included in the Company's interim financial statements. The dividend advance for a specific interim period cannot be distributed in installments.

The dividend advance is distributed equally to all existing shares as of the distribution date, regardless of their issuance and acquisition dates, in proportion to their shares.

The dividend advance to be distributed cannot exceed half of the remaining portion after the reserve funds that must be set aside from the net period profit formed according to the interim financial statements according to the TCC and the Articles of Association and the losses of previous years are deducted. The total amount of dividend advance to be given in an accounting period cannot exceed;

- a) Half of the net profit of the previous year,
- b) The lower of other sources that can be subject to profit distribution, excluding the net profit of the relevant interim financial statements.

If more than one dividend advance payment is made in the same accounting period; when calculating the dividend advances to be paid in subsequent interim periods, the dividend advances paid in previous interim periods are deducted from the calculated amount. Additional dividend advances cannot be given and dividends cannot be distributed in subsequent accounting periods without offsetting the dividend advances paid in previous accounting periods.

Dividend advances cannot be distributed to persons other than shareholders and dividend advances are paid to privileged shares without considering the privileges.

Article 5 – Public Disclosure

The proposal of the board of directors regarding dividend distributions or the decision of the board of directors regarding dividend advance distributions are announced to the public within the scope of the relevant regulations, together with the form and content of the dividend distribution table or the dividend advance distribution table.

In addition, if a change is requested to be made to this profit distribution policy, the board of directors' decision regarding this change and the reason for the change will be announced to the public.

This policy will be announced to the public on the Company's website following the approval of the general assembly.

General Assembly

The Ordinary General Assembly Meeting for 2023 was held on June 11, 2024. You can access the meeting minutes via the Corporate Governance tab in the Investor Relations menu on our Company's website or via the link <https://www.cates.com.tr/en/general-assembly>

Human Resources

Employee Information

The number of Company employees for the period ending June 30, 2024 and June 30, 2023 is shown in the table below:

GENDER BREAKDOWN	30 June 2023			30 June 2024		
	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE
White Collar	47	7	40	53	10	43
Engineer	18	1	17	18	2	16
Administrative Staff	29	6	23	35	8	27
Blue Collar	333	2	331	333	2	331
Operation Technicians	169	2	167	173	2	171
Maintenance Technicians	164	-	164	160	-	160
Total	380	9	371	386	12	374

As of June 30, 2024, the Company employs 386 personnel, 18 of whom are engineers, 35 are administrative personnel, 173 are business technicians and 160 are maintenance technicians.

AGE BREAKDOWN	As of June 30									
	2023					2024				
	TOTAL	18 - 39	40 - 49	50 - 59	60 and above	TOTAL	18 - 39	40 - 49	50 - 59	60 and above
White Collar	47	32	11	3	1	53	31	15	4	3
Engineer	18	12	4	1	1	18	11	4	2	1
Administrative Staff	29	20	7	2	-	35	20	11	2	2
Blue Collar	333	168	111	48	6	333	159	112	53	9
Operation Technicians	169	73	64	30	2	173	73	62	35	3
Maintenance Technicians	164	95	47	18	4	160	86	50	18	6
Total	380	200	122	51	7	386	190	127	57	12

EDUCATION BREAKDOWN	As of June 30									
	2023					2024				
	TOTAL	Secondary Education	High school	Associate Degree	Undergraduate and above	TOTAL	Secondary Education	High school	Associate Degree	Undergraduate and above
White Collar	47	1	1	8	37	53	1	3	6	43
Engineer	18	-	-	-	18	18	-	-	-	18
Administrative Staff	29	1	1	8	19	35	1	3	6	25
Blue Collar	333	7	270	45	11	333	7	270	45	11
Operation Technicians	169	1	145	16	7	173	1	148	17	4
Maintenance Technicians	164	6	125	29	4	160	6	122	28	4
Total	380	8	271	53	48	386	8	273	51	54

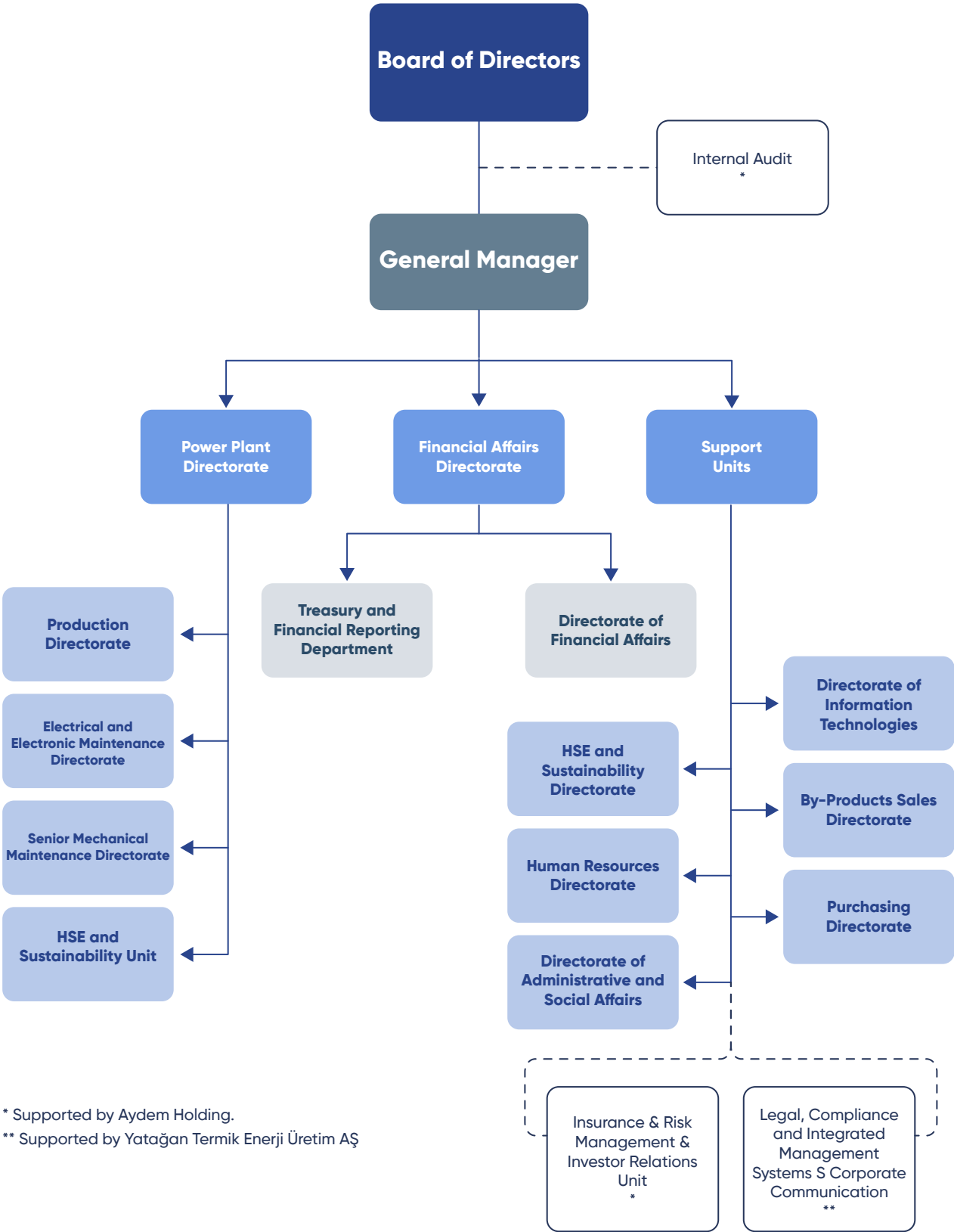
Human Resources

As of June 30, 2024, 333 of the Company's personnel are union members.

The Company has not experienced any significant disputes or problems regarding the hiring or retention of its employees. There has been no significant halt or interruption in the Company's operations due to any labor disputes or personnel disputes. The Company has not experienced any strikes since employees working in the electricity generation sector are prohibited from going on strike pursuant to Article 62 of the Trade Unions and Collective Labor Agreements Law No. 6356. Blue-collar employees who worked in subcontractor companies of EÜAŞ, which operated the Power Plant, prior to privatization and who started working for the Company after privatization have filed lawsuits demanding a difference in receivables. In these lawsuits, the plaintiff workers have filed lawsuits claiming that there are court decisions demanding a finding of collusion that EÜAŞ workers should receive the wages they received within the scope of their work prior to privatization, and that the wages they were entitled to within the scope of these finalized decisions are vested rights, and that they should be paid based on these wages after privatization. In the cases decided by the first degree court, the case was rejected and the plaintiffs have appealed, the relevant files are under appeal review. In the additional protocols to the collective labor agreement signed with the Turkish Energy, Water and Gas Workers Union during the transfer phase, the workers working in the Company were divided into 4 groups, and the wages of the workers transferred from the public sector and the workers who started working in the Company after the transfer were determined differently. There are currently workers who are classified as before and after the transfer, who do the same job, have the same title but receive different wages. As long as this distinction exists in the collective labor agreements, there is a risk of lawsuits demanding a difference in wages, but this risk will be eliminated if these cases, which are under appeal review and concluded in favor of the Company, pass the review of the higher court and are finalized in favor of the Company.

The Company does not think that the relevant lawsuits will significantly negatively affect its activities

Organization Chart



Declaration of Compliance with Corporate Governance Principles

Our Company's Declaration of Compliance with Corporate Governance Principles can be accessed via the Corporate Governance Reports menu on our Company's Investor Relations page at <https://www.cates.com.tr/en/corporate-governance-reports>

Corporate Governance Compliance Report

You can access our Company's Corporate Governance Compliance Report via the Corporate Governance Reports menu on our Company's Investor Relations page and/or via the link <https://www.cates.com.tr/en/corporate-governance-reports>

Sustainability Principles Compliance Report

Our Company's Sustainability Principles Compliance Report can be accessed via the Sustainability Reports menu on our Company's Investor Relations page at <https://www.cates.com.tr/en/sustainability-report>

Corporate Governance Information Form

You can access our Company's Corporate Governance Information Form via the Corporate Governance Reports menu on our Company's Investor Relations page and/or via the link <https://www.cates.com.tr/en/corporate-governance-reports>

Financial Rights Provided to Board Members and Senior Executives

As of the reporting period, the indexed total amount of financial rights provided to Board Members and senior executives is TL 16,298,576.

Information Regarding the Special Audit and Public Audit Conducted in 2024

Not Available.

Amendments Made to the Articles of Association

No changes were made to the Articles of Association during the reporting period.

Participation Finance Principles Information Form

You can access our Company's Participation Finance Principles Information Form via the Other Reports menu on our Company's Investor Relations page or via the link <https://www.cates.com.tr/en/other-raporlar>

Changes in Legislation in 2024

The Company has become subject to CMB legislation with the IPO.

Information on Lawsuits Filed Against the Company That May Affect the Company's Financial Status and Activities and Their Possible Results.

In the last 12 months, the Company has had a significant impact on the Company's financial status or profitability and may have an impact in the following periods, and there are 2 files where the Company is a plaintiff, with a total case value of TL 206,712.33, and 237 files where the Company is a defendant, with a total case value of TL 12,933,400.3 as of June 30, 2024. There are no files with a case value of over TL 1 million, where the Company is a plaintiff or defendant.

The Company's request to postpone/install the tax debts for the June 2023 period was accepted on September 18, 2023 and the said debt amount will be closed by paying the postponement interest in 2 equal installments at the end of September and October. The installment for September has been paid and the second installment will be paid on due date. The Company has filed two lawsuits with the tax offices regarding (i) the cancellation of the transaction for reducing the VAT amount carried forward to the next period and (ii) the cancellation of the transaction for reducing the amount of offsettable financial losses carried forward to the following years. The Company has made tax payments with reservations regarding the above-mentioned lawsuits and if these lawsuits are concluded against the Company, no additional risk will arise, there is no tax penalty imposed on the Company as of the date of this prospectus and there are no administrative sanctions that may negatively affect the Company's future.

There are lawsuits regarding the cancellation of the transaction for restricting the 2022 financing costs/expenses calculated on the foreign resources used by the Company before 2021 and reducing the amount of "adjustable financial losses carried forward to the following years" from 2022 by TL 35,851,552.38 as a result. The Company filed tax lawsuits within the legal periods after submitting tax returns with reservations in the relevant periods. Detailed information regarding these tax lawsuits to which the Company is a party has been shared above. If these lawsuits are concluded in favor of the Company, the Company will collect the taxes assessed as overpaid with deferral interest and this will positively affect the Company's financials. In the other case, i.e. if the lawsuits are concluded against the Company, the Company will not make additional tax payments and this will not negatively affect the Company's financials. In addition, there are no administrative sanctions that may negatively affect the Company's future.

Explanations Regarding Administrative or Judicial Sanctions Imposed on the Company and the Members of the Management Body Due to Applications Contrary to Legislative Provisions

There are no administrative or judicial sanctions due to non-compliance with the legislation during the reporting period.

Information on the Company's Own Shares Acquired

None

Information on Privileged Shares

The Company's indirect controlling shareholder Aydem Holding A.Ş. also owns the Company's privileged A group registered shares and the A group shareholders have the privileges granted in the Articles of Association regarding nomination of candidates for the election of board members and the fact that certain decisions cannot be taken in general assembly meetings without the positive vote of the shareholders who own the majority of the capital represented by the A group shares, as explained in detail in section 19.3 of this prospectus.

The Company has accepted the registered capital system in accordance with the provisions of the CMB and the Board approved the Company's application to switch to the registered capital system with its letter dated 09.06.2023 and numbered E-29833736-110.03.03-38470.

The Board's letter dated 09.06.2023 and numbered E-29833736-110.03.03-38470 and the T.R. Following the approval letter of the Ministry of Trade numbered E-50035491-431.02-00086814005, the Company switched to the registered capital system with the registration of the relevant Articles of Association amendment on 12.07.2023.

The Company's registered capital ceiling is 300,000,000 TL and its issued capital is 165,200,000 TL. The Company's current share group structure is as follows:

Group	Registered / Bearer	Type of concessions	Nominal Value (TL)	Total (TL)	Ratio to Capital (%)
A	Registered	Privilege to nominate candidates for election of board members Veto Right in Matters Requiring Aggravated General Assembly Resolution Quorum	1.00	84,243,000	50.99
B		It has no privileges.	1.00	80,957,000	49.01
Total				165,200,000	100.00

Class A shares have two types of privileges, including the right to nominate candidates for the election of board members and the inability to adopt certain resolutions at general assembly meetings (Matters Requiring Aggravated General Assembly Quorum) without the affirmative vote of shareholders holding the majority of the capital represented by Class A shares. The explanation regarding these privileges is provided in section 21.15 of the prospectus.

Ratings

Credit Ratings

Our company's most up-to-date credit ratings are listed below: JCR EURASIA RATING (26.06.2024)
Long-Term International Foreign Currency Rating BB- / (Stable Outlook)
Long-Term International Local Currency Rating BB- / (Stable Outlook)
Long-Term National Rating BBB- (tr) / (Stable Outlook)
Short-Term National Rating J2 (tr) / (Stable Outlook)

Donations and Aids

As of the reporting period (January 1, 2024 – June 30, 2024), a total of TL 352,940 was donated to various institutions and organizations within the framework of donations and aids and social responsibility projects.

Research and Development Activities

None.

Other Issues

If an Extraordinary General Assembly Meeting was Held During the Year, Information Regarding the Extraordinary General Assembly, Including the Date of the Meeting, Decisions Taken at the Meeting and Procedures Performed in Relation to It:

None.

Information on the Conflicts of Interest between the Company and Institutions from which it Receives Services, Such as Investment Consultancy and Rating, and the Measures Taken to Prevent Them: None.

Information on the Transactions Conducted by the Members of the Management Body with the Company on Their Own Behalf or on Behalf of Someone Else, and Activities Within the Scope of the Non-Competition Prohibition, Within the Framework of the Permission Granted by the Company's General Assembly:

For members of the Board of Directors, permission is obtained from the general assembly to perform the transactions stipulated in Articles 395 and 396 of the TCC, provided that they remain outside of the issues prohibited by the TCC. According to the information in Çates Elektrik Üretim A.Ş., the members of the Board of Directors did not engage in commercial activities in the areas within the scope of the Company's field of activity on their own behalf or on behalf of someone else during the reporting period.

Indebtedness:

The Company's financial statements have been prepared based on the Company's continuity principle.

There is no development regarding indebtedness that occurred after the reporting date; shows that there is no uncertainty that would cast doubt on the continuity of the company.

Both the average collection period of the Company's commercial receivables from electricity sales being 45 days and the high collection ability create advantages in terms of timely payment of short-term liabilities. Therefore, the Company does not have any financing need to fund its working capital.

The Company has made an assessment on the sustainability of the activities and has decided that it has sufficient resources to continue its activities in the near future, considering the Company's income, profit and liquidity generation capacity. The Company management believes that there is no uncertainty that would cast doubt on the sustainability of the activities and has prepared its solo financial statements assuming that the company will continue its activities in the foreseeable future.

Analysis:

The Board of Directors has evaluated the results and plans for the reporting period and has determined that the targets have been largely achieved. The Company completed the reporting period dated June 30, 2024 with a net loss of TL 137,663,348. As of the reporting period, there is an accumulated profit of 6,365,576,088 TL in the previous year.

On the other hand, the Company has an operating loss of 193,366,067 TL and a net cash outflow of 139,390,737 TL from operating activities.

The Company has earned 177,229,927 TL in earnings before interest, taxes and amortization ("EBITDA").

The Company earns electricity sales revenues and collects them in an average of 45 days. On the other hand, all debts to be paid within a year are included in short-term debts. The high turnover rate of the Company's receivables provides an advantage in terms of the timely payment of short-term liabilities.

Explanations Regarding the Group's Internal Audit and Risk Management Systems Regarding the Preparation Process of Solo Financial Statements:

Solo financial statements have been prepared in accordance with the "Communiqué on Principles Regarding Financial Reporting in Capital Markets" numbered 11-14.1 of the Capital Markets Board ("CMB") and the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"), and in accordance with the 2022 TFRS Taxonomy, which was developed by the KGK based on Article 9, subparagraph (b) of the Decree Law No. 660 and determined and announced to the public by the decision of the KGK dated October 4, 2022.

Information and Assessments on Whether Targets Set in Previous Periods Were Achieved, Whether General Assembly Decisions Were Fulfilled, If They Were Not Achieved or Decisions Were Not Fulfilled, Reasons:

There is no agenda item that was not fulfilled in the reporting period according to the agenda items within the scope of the ordinary general assembly meeting.

Information on Mutual Affiliates Where the Direct Participation Rate in Capital Exceeds 5%:

None.

In Case the Percentage of Shares Owned by Us in Partnerships in Which We Own Five, Ten, Twenty, Twenty-Five, Thirty-Three, Fifty, Sixty-Seven or One Hundred Percent Shares in the Capital of a Capital Company, Directly or Indirectly, Falls Below or Exceeds These Rates, This Situation and Reason: None.

Information on Shares of Companies Included in the Company in the Parent Company Capital:

Businesses included in the Company do not have a share in the parent company capital.

Other Rights

None.

Additional Information:

None.



INFORMATION ON RISK MANAGEMENT AND INTERNAL AUDIT



Information on Risk Management Practices

Risk Management

It is anticipated that the Company may be exposed to the following risks depending on the use of financial instruments.

Credit Risk; is the risk that a customer or counterparty will not fulfill its obligations under the contract and is largely due to customer receivables.

Liquidity Risk; is the risk that the Company will not be able to meet its financial obligations in the future. The Company's liquidity risk is managed by obtaining sufficient financing opportunities from various financial institutions in order to fund current and potential future debt requirements under normal conditions or in crisis situations in a way that will not cause the Company any loss or damage its reputation.

Market Risk; is the risk that changes in the money market, such as exchange rates, interest rates or prices of instruments traded in securities markets, will affect the Company's income or the value of its financial assets. Market risk management aims to optimize returns while controlling market risk exposure within acceptable limits.

Operational Risk; It refers to risks such as Personnel Risk, Legal Risks, Technological Risks, Organizational Risks and Production Risks arising from the structure of the business.

Early Detection and Management of Risk Studies

Our Company has analyzed and evaluated all possible risks and has taken all necessary precautions to avoid any negative consequences or to eliminate them with minimal damage.

Risks the Company May Encounter

A) Risks related to the Company and its activities:

The activities carried out during the operation of the Company's current power plant, the health and safety of the public and employees, and the disruptions or negativities that may occur during the fulfillment of environmental responsibilities may negatively affect the Company's activities.

The operation, maintenance and renewal of the power plant carry significant risks that may lead to unexpected energy outages, low efficiency and unexpected investment expenses.

The Company's activities depend on the relationship it maintains with its suppliers, and the failure to renew the contracts signed for the supply of coal to the Power Plant may negatively affect the Company's activities.

Factors beyond the Company's control, such as climate conditions, may negatively affect the Company's operations, albeit to a limited extent.

The Company may be adversely affected by changes in tax legislation or practices, increases in tax rates or tax audits.

Movements in exchange rates may have an impact on the Company's revenues and financial position.

The Company's existing insurance policies may not be sufficient to cover all potential losses. It is not possible to obtain insurance that covers all risks that may occur in the event of an accident or damage or otherwise.

Any damage to the natural environment may lead to legal action, compliance efforts and/or the cessation of production activities at the plant or an increase in costs due to the claim that it is due to the Company's operation of the plant.

Operations carried out during electricity production activities may pose a danger and lead to accidents. In certain cases, it may cause human injuries or material damage. This situation may lead to significant interruptions in the Company's operations and/or may expose the Company to judicial and administrative sanctions.

Intensified competition in the market, increasing demand for alternative energy sources and fluctuations in commodity prices may adversely affect the Company's ability to achieve its financial goals.

The Company may be exposed to risks due to possible unethical behavior and/or unlawful behavior of its employees, suppliers, contractors, agents or other third parties.

The Company has engaged in and will continue to engage in related party transactions with its affiliated parties.

The negativities in the global energy market and economy resulting from the war between Russia and Ukraine that began in 2022 may cause a decrease in electricity demand by consumers and may adversely affect the Company's ability to sell electricity.

The loss of key personnel or the inability to include key personnel and qualified employees in the Company may limit the Company's growth and adversely affect its operations.

The Company's indebtedness and financial liabilities may adversely affect the Company's operations, financial condition and results of operations. The Company is required to comply with certain commitments under its credit agreements.

There may be risks related to lawsuits and disputes. Within the scope of the Company's ordinary activities, legal proceedings may be initiated against the Company and lawsuits may be filed, and the Company may also be subject to administrative proceedings. As a result of the results of such requests and legal proceedings against the Company, the Company and its managers may be subject to legal and criminal liabilities, the Company may be fined and may have to pay compensation.

Failure to find credit or capital due to fluctuations in credit and capital markets or other factors may make it more difficult for the Company to develop its projects or finance acquisitions.

Aydem Holding, the indirect owner of the Company's shares, has guarantees in favor of its own affiliated companies. In addition, a share pledge has been established in favor of Parla Energy's creditors on the

shares of Parla Energy representing approximately the majority of the Company's capital, and the occurrence of a default event within the scope of the relevant credit agreements may lead to a change of control.

The Company may not be able to maintain its profitability level, and the expected developments in profitability level may not occur.

Risks related to war, terrorist incidents, terrorism and war threats may adversely affect the Company's activities, operating results, future expectations or financial position.

Disruptions caused by widespread concerns about public health, including the Covid-19 pandemic, may adversely affect the Company's operations, results of operations, future prospects or financial condition.

Natural disasters such as floods, storms, landslides and earthquakes may adversely affect the Company's operations, results of operations, future prospects or financial condition.

B) Risks related to the sector in which the Company operates:

Demand for electricity may decrease and uncontrolled price fluctuations may occur.

The licenses, permits and regulations required for the operation of power plants owned by companies operating in the sector depend on the signing of mandatory agreements with public institutions and their validity.

Changes in tariff regulations may adversely affect the revenues and results of operations of companies operating in the sector.

Energy sector activities are subject to regulation and changes in the relevant legislation may adversely affect the companies' operations.

Operational difficulties in connecting to the transmission and distribution grid may adversely affect the Company's ability to sell the electricity it produces.

The Company is subject to collection risk arising from electricity sales.

The Company's operations are inherently risky and subject to hazards that could lead to accidents or disruptions.

Internal Audit and Control Activities

The main purpose of the Internal Audit function is to provide reasonable assurance that risks are appropriately identified and managed, business processes and transactions are in compliance with policies, procedures and relevant legislation, resources are used economically and efficiently within the scope of the Company's sustainability goals and are effectively protected, and financial, administrative and operational information is made available accurately, reliably and on time in the risk management, control and governance processes designed and implemented by Çates Elektrik Üretim management. In addition, the Internal Audit function oversees the appropriate definition of targets and the adequate and effective realization of targets related to compliance with the ethical rules and working principles defined within the company.

The Internal Audit function is an independent assurance function that reports its work to the Board of Directors and receives its authority from the Company's Board of Directors. The Audit Plan, which is implemented with the approval of the Board of Directors annually, is created by categorizing the processes that include business activities that support the company's achievement of its strategic goals based on risk. The results of the audit studies conducted in accordance with the Audit Plan are periodically presented to the Board of Directors and the relevant Management elements.

The Internal Audit Unit bases its work on International Internal Audit Standards and Internal Control Governance Frameworks and applies the risk-based audit methodology. In addition, it coordinates with the activities carried out by the independent audit. The audit process includes planning and preparation, field work and reporting of audit results, as well as formal audit action follow-up procedures carried out to verify that risk reduction actions proposed by Internal Audit and accepted by the Management have been implemented.

During the reporting period, internal audit activities were carried out for By-Products Sales and Marketing.

SUBSEQUENT EVENTS FOLLOWING THE END OF REPORTING PERIOD



Subsequent Events Following the End of Reporting Period

*The Company began selling electricity to its affiliated company Aydem EPSAŞ through a bilateral agreement in August 2024.

*On July 25, 2024, the Regulation on Amendments to the Electricity Market Capacity Mechanism Regulation was published in the Official Gazette, and it was stated that if an additional budget is allocated for the Capacity Mechanism in 2024, the entire budget allocated will be distributed equally in the remaining months to the relevant power plants in accordance with the formulas specified in the Regulation.

*For more information, you can visit our Company's Public Disclosure Platform (PDP) page and/or the Special Circumstances Disclosures page on our Company's Investor Relations page.



CONTACT





Contact

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<https://www.kap.org.tr/en/sirket-bilgileri/genel/5905-cates-elektrik-uretim-a-s>
on our Public Disclosure Platform (KAP) page.

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Çatalağzı Beldesi Santraller Mevkii Necati

Yirmibeşoğlu Caddesi Çatalağzı/Kilimli/Zonguldak

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