ÇATALAĞZI
THERMAL POWER PLANT

January 1, 2025 - March 31, 2025
Interim Activity Report

ÇATALAĞZI
THERMAL POWER PLANT

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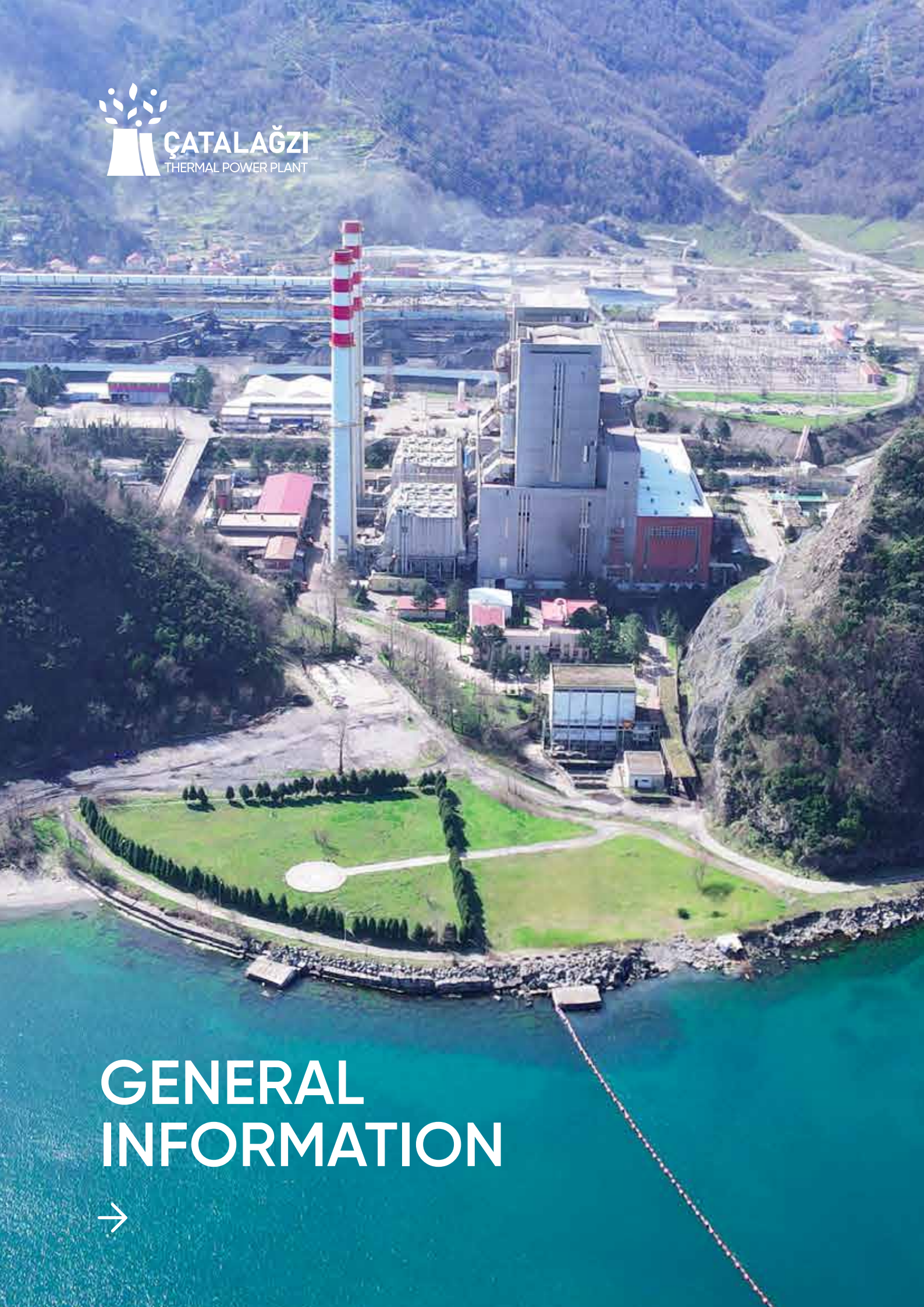


ÇATALAĞZI
THERMAL POWER PLANT

GENERAL INFORMATION

REPORT AND COMPANY INFORMATION

Accounting Period to which the Report Relates: 01.01.2025-31.03.2025

TRADE REGISTER INFORMATION

TRADE REGISTRY NUMBER: 8907

BUSINESS TITLE: ÇATES ELEKTRİK ÜRETİM ANONİM ŞİRKETİ

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

ISSUED CAPITAL: TRY 165,200,000.00

REGISTERED CAPITAL CEILING: TRY 300,000,000.00

COMPANY REGISTRATION DATE: 19.09.2014

MERSIS NO: 0165029763900019

Trading Date on the Stock Exchange (BIST):
Dec 07 2023

Stock Exchange Traded on: Borsa İstanbul

Traded Market: Star Market

Transaction Code: CATES
ISIN: TRECATS00015

Traded Indices:
BIST ALL SHARES-100 / BIST STARS / BIST IPO / BIST SERVICES / BIST ALL SHARES / BIST ELECTIRICTY / BIST 500

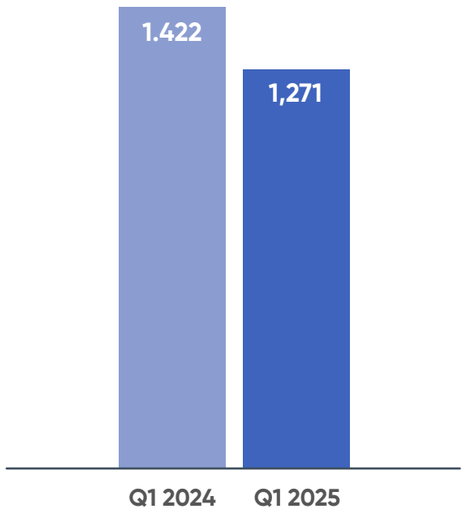
2025 in Figures

Installed Capacity **314.68 MW**

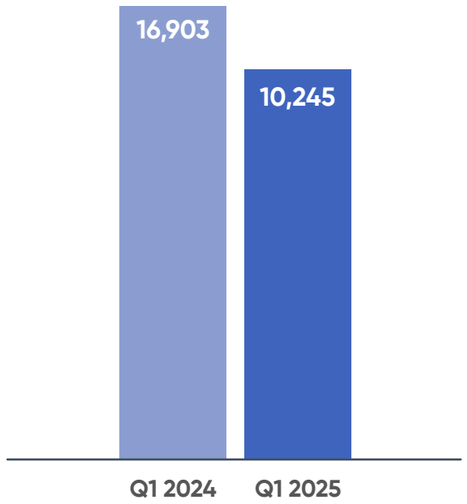
Total Number of Employees **388 Person**

Long-Term Average Generation Capacity **2,286 GWh**

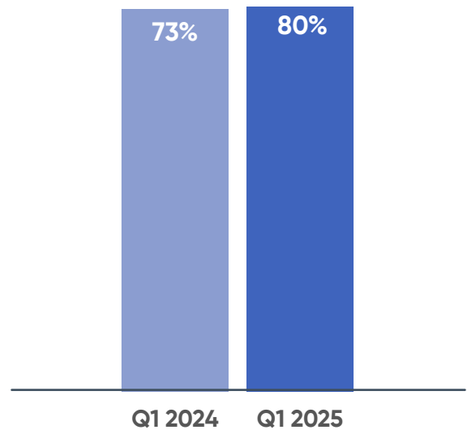
Net Sales Revenues
(TRY Million)



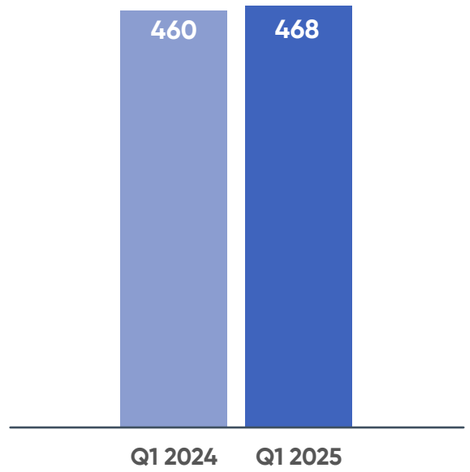
Total Assets
(TRY Million)



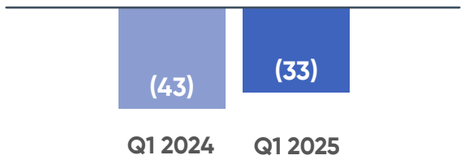
Availability Rate
(%)



Electricity Generation
(Gross)



Operating Profit / (Loss)
(TRY Million)



Summary Items	31.03.2025	31.03.2024
Net Sales Revenues (TRY Million)	1,271	1,422
Total Assets (TRY Million)	10,245	16,903
Total Investment Amount (TRY Million)	0	0
Operating Profit / (Loss) (TRY Million)	(33)	(43)
Gross Electricity Generation (GWh)	468	460
Availability Rate	80%	73%
Total Number of Employees	388	380
Generation Capacity (GWh)	2,286	2,286
Installed Capacity (MW)	314.68	314.68

2025 in Figures

Key Metrics Summary	31.03.2025	31.12.2024
Revenue (TRY Million)	1,271	1,422
Gross Profit / (Loss) (TRY Million)	105	13
EBITDA (TRY Million)	135	208
Operating Profit / (Loss) (TRY Million)	(33)	(43)
Net Profit / (Loss) for the Period (TRY Million)	(266)	128
(Loss) / Gain Earnings Per Share (TRY)	-1.61	0.77

Key Metrics Summary	31.03.2025	31.12.2024
Cash and Cash Equivalents (TRY Million)	382	439
Net Financial Debt / Equity (%)	-3.36	-3.77

2025	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
PTF - TRY	2,508.80	2,478.28	2,183.83									
PTF - USD	70.82	68.75	59.11									
2024	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
PTF - TRY	1,942.90	1,957.68	2,190.11	1,764.04	2,047.32	2,095.23	2,588.83	2,574.15	2,395.78	2,335.71	2,463.14	2,446.22
PTF - USD	64.84	63.85	68.71	54.66	63.59	64.58	78.82	76.76	70.56	68.36	71.70	70.14

Balance Sheet Items (TRY Million)	31.03.2025	31.12.2024
Total Assets	10,245	10,343
Total Equity	8,995	9,237
Total Financial Debt	80	91
Net Financial Debt	-302	-348

Summary Statement of Financial Position (TRY)	31.03.2025	31.12.2024
Current Assets	1,958,827,741	1,906,783,756
Fixed Assets	8,286,440,100	8,436,148,355
Total Assets	**10,245,267,841**	**10,342,932,111**
Short Term Liabilities	339,915,266	329,092,777
Long Term Liabilities	910,627,802	777,044,175
Equity	8,994,724,773	9,236,795,159
Total Liabilities and Equities	**10,245,267,841**	**10,342,932,111**

Summary Profit / Loss Statement (TRY)	31.03.2025	31.03.2024
Revenue	1,270,890,316	1,421,969,879
Cost of Sales (-)	(1,166,242,011)	(1,408,762,616)
Gross Profit / (Loss)	**104,648,305**	**13,207,263**
General Administrative Expenses (-)	(188,089,556)	(96,853,526)
Other Income from Operating Activities	63,015,603	50,423,848
Other Expenses from Operating Activities	(12,708,236)	(9,909,064)
Operating Profit / (Loss)	**(33,133,884)**	**(43,131,479)**
Income from Investing Activities	15,407	424,002
Operating Profit before Financial Expenses	**(33,118,477)**	**(42,707,477)**
Financial Income / (Expense), Net	(97,188,695)	85,538,468
Continuing Operations Pre-Tax Profit	**(130,307,172)**	**42,830,991**
Continuing Operations Tax Income / (Expense)	(135,660,821)	84,706,603
Net Profit / (Loss) for the Period	**(265,967,993)**	**127,537,594**

Shareholding Structure

The company's partnership structure and the breakdown thereof as of the report date are as follows:

Information on Direct Shareholding of the Company

Partner's Name-Surname/ Trade Name	Share in Capital (TRY)	Share in Capital (%)
Parla Enerji Yatırımları A.Ş.	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 A.Ş.

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

Real and Legal Persons Holding Indirectly more than 5% of the Capital

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

Subsidiaries

It is not available

Çates Electricity Generation Portfolio

Commissioning works have been completed in 1989 and 1991 for Unit 1 and Unit 2, respectively. The plant consists of two units with a total capacity of 314.68 MWe, 2x157.34 MWe. Unit 1 has started commercial operation (supplying electricity to the system) in 1990 and Unit 2 in 1991.

The Company has been established to utilize the coal obtained from the Zonguldak region for generation of electricity and has been acquired through assets sale after the tender opened by the Privatization Administration in 2014. The Company has an electricity generation license for 49 years starting as of 2014. Prior to privatization, it was operating under EÜAŞ.

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***

City/District where the Power Plant is Installed	License Number	Licensed Installed Capacity	License Issue Date	License Period as of Date of Issue	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	2021	2022	2023	2024	Q1 2025
Installed Capacity (MWe)	314.68	314.68	314.68	314.68	314.68
Gross Production (MWh)	1,219,382	1,867,412	2,033,349	1,906,197	468.439

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

The power plant burns a mixture of slime, run-of-mine coal from Çatalağzı and Zonguldak coal washing plants, lignite from outside the region, light schist mix and high calorie coal for enrichment of the coal burned in case of need. The daily coal consumption of the plant is approximately 2,800 tons for one unit and 2,530 kcal/kg of energy is consumed for 1 kWh of energy generation.

• **Boiler:** Reheater, single-burner, drum natural circulation boiler. (The boiler is a process in which the energy required is obtained by burning coal and converting pure water into superheated steam. The brand name 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, enabling the coupled generator to rotate. Its 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 rotating at 3,000 rpm with the turbine to which it is coupled, it generates energy with the excitation of its rotor and feeds the step-up transformer to be transmitted to the interconnected system. The brand is Mitsubishi.) **Capacity:** 180 MVA Output Voltage: 15 KV Frequency: 50 Hz

The coal to be burned at the power plant is supplied from the Turkish Hard Coal Corporation (TTK) Çatalağzı Plant via conveyor belts, from Kozlu and Üzülmez Plants via wagons of the Turkish State Railways (TCDD) and from private royalty companies via trucks. 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. Electric power generation is achieved when the superheated steam obtained as a result of heating pure water with the heat emitted by the coal burned in the boiler is transferred to the turbine and the energy it has is released to the rotational motion created by hitting the blades of the turbine and the coupled generator is excited.

Availability and Capacity

The availability rate in Q1 2025 is 80%,
Capacity utilization factor is 69%.

Operational data regarding Çatalağazı Thermal Power Plant is presented in the table below:

Availability Rate (*)					Capacity Factor (**)				
2021	2022	2023	2024	Q1 2025	2021	2022	2023	2024	Q1 2025
48%	76%	80%	75%	80%	44%	68%	74%	69%	69%

(*) Availability Ratio indicates how much of the total time (365 days*24 hours= 8,760 hours) the power plant is ready for production, excluding planned shutdowns due to maintenance and repair and unplanned shutdowns due to breakdowns.

(**) Capacity Factor is the total energy produced by the power plant in a certain period divided by the energy it can produce full capacity.

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FIELDS OF ACTIVITY AND INVESTMENTS

→

Fields of Activity and Investments

Fields of Activity:

Çatalağzı Thermal Power Plant played an important role in the development of the country's industry as the first thermal power plant of our Republic. The Company's installed capacity is 314.68 MWe and the long-term average electricity generation 2,286 GWh.

The table below shows the annual installed capacity and production values of the Power Plant:

Explanations	2021	2022	2023	2024	Q1 2025
Installed Capacity (MWe)	314.68	314.68	314.68	314.68	314.68
Gross Production (MWh)	1,219,382	1,867,412	2,033,349	1.,906,197	468.439

The coal to be burned at the Power Plant is supplied from TTK Çatalağzı Plant via conveyor belts, from Kozlu and Üzülmez Plants via Turkish State Railways (TCDD) wagons and from private royalty companies via trucks.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 to the Directorate General of Turkish Hard Coal, consists of washing residues with high ash content, which are not utilized in the places of use due to low efficiency. This coal in question is used for thermal power plants in terms of energy generation by blending with coals with low moisture content and making them suitable for use, and constitutes an important source 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 31 March 2025 is TRY 382 million (31 March 2024: TRY 380 million), and the net book value of other tangible fixed assets as of 31 March 2025 is TRY 7,212 million (31 March 2024: TRY 12,998 million).

The Company has organized all the tangible fixed assets belonging to power generation plants in the tangible fixed assets account item as a separate tangible fixed asset group under the name of "Power Plant Assets". Power plants consist of a group of assets with similar characteristics used in the operations of an enterprise and include land, buildings, machinery, equipment and fixtures. 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 Yönetim Danışmanlığı A.Ş. is based on the estimation of the total corporate value of the Company. In the valuation study, the income approach, which involves discounting cash flows to net present value, has been calculated using the discounted cash flow method (DCF). 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 2024. As of 31 March 2025, the power plant assets are carried in the financial statements at the revalued amount of TRY 7,178,618,128 (31 March 2024 :TRY 12,962,644,988).

The Company's entries to the non-current assets of the mine are presented in the table below.

Tangible Fixed Assets of the Mine-Inputs	31.03.2025	31.03.2024
Plant, Machinery and Equipment	-	-
Other Assets	-	253,614
Cost of Deferred Extraction	-	1,273,364
Total	**-**	**1,526,978**

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

Investment Details	Period	Completion Status	Financial Source
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	100%	Equity

The Company has 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 a consideration of TRY 74 million (indexed on the basis of purchasing power as of March 31, 2025) for Çankırı Orta and TRY 124 million (indexed on the basis of purchasing power as of March 31, 2025) for Zonguldak Bağlık-İnağzı coal fields.

As of March 31, 2025, production has not started at Zonguldak Bağlık-İnağzı site. In 2024, a dryer, screening and crushing stock facility was constructed in Çankırı-Orta field amounting to TRY 220 million (indexed amount based on purchasing power as of March 31, 2025), these investments are classified under plant, machinery and equipment within the non-current assets of the mine.

The coal field in Çankırı has been transferred to the Company on October 14, 2022. A reserve valuation report has been prepared on July 28, 2023 by UMREK (National Mineral Resource and Reserve Reporting Commission) Competent Person. Accordingly, it was estimated that a total of 28 million tons of coal can be produced in the field with a redemption rate of 1.04 m^3 /ton. Coal has an average value of 1000 (±200) kcal/kg. The production conditions and the cover layer-coal amount ratio provide optimum conditions in the area where it is possible to produce with the Open Pit Mining method. Considering the general geological structure of the region where the mine site is located, it has been observed that it is an extremely favorable and problem-free region for mining activities. Production can be realized without the need for drilling and blasting activities. In addition, the location is very close to the main road, electricity and water lines.

Zonguldak Bağlık-İnağzı Field License and Operating Right; A transfer agreement has been signed between Tümaş Marble and TTK on August 15, 2018 for the mining license with registration number 86108, the tender of which was made by the Directorate General of Turkish Hard Coal Enterprises in 2018. Pursuant to the agreement, the operating right has been transferred until December 31, 2049. The license transfer was completed by MAPEG in 2022. On November 28, 2022, the license was transferred to the Company by Tümaş Mermer Sanayi ve Ticaret A.Ş. The average run-of-mine coal caloric value in the basin is 3500 kcal/kg. After beneficiation works, coal quality can increase to 6000-7000 kcal/kg.

Fields of Activity and Investments

The Company's power plant capital expenditures consists of investments in the flue gas treatment plant and conveyor belt system, both of which were financed through equity.

Flue Gas Treatment Plant; With the flue gas treatment plant established in 2020, it has been aimed to bring the sulfur dioxide (SO2) values of the Power Plant in line with the requirements of environmental legislation. The investment in qusetion has been completed and put into operation in 2020.

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

Çankırı Orta Coal Field Facility Investments; A crushing-sieving-stocking facility with a capacity of 500 tons/hour is being invested in the field.

50 tons/hour capacity coal drying facility installation and commissioning works are ongoing. The targeted coal calorific value after the commissioning of the drying facility is in the range of 1750-2000 kcal/kg.

As of March 31, 2025, TRY 220 million (indexed amount based on purchasing power as of March 31, 2025) has been invested.

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

ÇATALAĞZI
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CORPORATE GOVERNANCE

Board of Directors

Mehmet Akif GÜL

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

Mehmet Akif Gül graduated from Middle East Technical University, Department of Metallurgical Engineering. Mehmet Akif Gül has started his career at Elsan Elektrik Gereçleri A.Ş. in 1980, where he took part in its establishment as a shareholder, and 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, also served as Vice Chairman of the Board of Directors at ADM Elektrik Dağıtım A.Ş. and GDZ Elektrik Dağıtım A.Ş., which are Aydem Energy group companies. He is currently serving as General Manager at Elsan and as a Board Member at Tümaş Mermer A.Ş.

You can access the "Positions Held Outside the Company as of the Latest Situation" and "Positions Held in the Company in the Last 5 Years" of our Board Members via the General Information - Information on Management tab on our Company's Public Disclosure Platform (KAP) page.

Rıdvan Edip AKDENİZ

(Board Member, General Manager)

Rıdvan Edip Akdeniz graduated from Kocaeli University, Faculty of Engineering, Department of Electronics and Communication Engineering in 2005. He has started his career at Yatağan Yeniköy Elektrik Üretim A.Ş., where he served as the Production Manager, Measurement Control Engineer, FDG Operation Engineer and Chief Engineer. In 2014, he has started working at Aydem Energy. At Aydem Energy, Akdeniz first served as the Deputy Plant Manager at Yatağan Termik Enerji Üretim A.Ş., and then as the Senior Manager of Thermal Power Plants Production Planning in 2019.

Rıdvan Edip Akdeniz has been assigned as Çatalağzı Thermal Power Plant Director in 2021. In July 2023, he was appointed as a Member of the Board of Directors of Çates Elektrik Üretim A.Ş. As of October 15, 2024, Mr. Rıdvan Edip Akdeniz serves as the General Manager of Çates Elektrik Üretim A.Ş.

Baran SALDANLI

(Board Member)

He was born in 1988 in Denizli. After graduating from Yeditepe University Department of Industrial and Systems Engineering, he has completed the Executive MBA program at Sorbonne University. He has worked in production at Tümaş Marble in 2011, in the Project Finance department of Aydem Renewables in 2013, in the Customer Relations Center Regional Directorate of Gediz Retail and in the General Directorate of Aydem Retail in 2014. Between 2015 and 2018, he has conducted various projects in ADM Distribution, Aydem Retail and Aydem Renewables and as of 2018, he has joined the holding management of Aydem Energy.

Mr. Saldanlı, who has investments in various sectors in addition to his duties within Aydem Energy, has been serving as a Member of the Board of Directors of Aydem Holding since July 2021. On October 15, 2024, it was decided that Mr.

Baran SALDANLI to be appointed as a Member of the Board of Directors on October 15, 2024.

Baran Saldanlı is married and has two daughters.

Fatma Elif YAĞLI

(Board Member)

She was born in 1982 in Istanbul. In 2005, she graduated from Bilkent University, Department of Electrical and Electronics Engineering. She has started her career as an engineer at Aydem Renewables. Afterwards, she worked as a Technical Support Engineer responsible for North America-Europe-Middle East-Africa at the telecommunications company Nortel Networks Netaş for more than 3 years. Between 2010 and 2018, she held the position of Energy Sales and Trade Manager at Aydem Renewables. In 2021, Mrs. Yağlı assumed the position of Aydem Holding Board Member and as of 2024, she has been serving as Vice Chairperson of Aydem Holding Board of Directors. On October 24, 2024, it was decided to appoint Ms. Fatma Elif YAĞLI as a Board Member.

Mrs. Fatma Elif Yağlı, who has been serving as the Vice Chairperson of the Board of Directors of Günder (International Solar Energy Society-Türkiye Section) since 2019, is the mother of two children.

Kemal USLU

(Independent Board Member)

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

Ayben KOY

(Independent Board Member)

After graduating in 2004 from Istanbul University Faculty of Economics, Prof. Dr. Ayben Koy has started to work at Istanbul Commerce University in 2012 after 8 years of working in the financial sector and other sectors. Koy, who completed her Master of Business Administration at Yıldız Technical University, received her Doctorate in Finance with her thesis on Derivative Markets at Istanbul University in 2016. In 2018, Koy received the title of Associate Professor from the Council of Higher Education and in 2024, she received the title of Professor from the Council of Higher Education and has written books on Derivatives Markets in Turkish and English. She is the co-author of a book on financial econometrics. She has numerous works in the field of finance, especially on derivative markets and capital markets. She lectures at undergraduate and graduate level at the universities in Türkiye and abroad. She provides consultancy to businesses in various areas of finance such as financial management, risk management, hedging and valuation.

As of the date of the report, 6 Board of Directors meetings were held in 2025 and the attendance rate was realized as 100%.

Evaluation of the Board of Directors

Messages from Management, Risks and Opportunities

As Çates Electricity Generation, we use internationally recognized risk management principles in our risk management processes and fully comply with the Capital Markets Board's Corporate Governance Principles regulation. As Çates Electricity Generation, we integrate risk management into the entirety of our operations 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 factors that may adversely affect our Company and our stakeholders, including financial performance and reputation, in the most effective manner. We regularly review the risk management policies and systems that we have determined in order to identify and analyze the risks to be encountered, to determine appropriate risk limits and to monitor key risk indicators and risks in comparison with the relevant limits.

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

The Company's risk management manager or legal and compliance manager is responsible for the creation of supporting documentation and implementation of risk management activities in parallel with the Risk Management plan and policies. In addition, risk management is fully integrated into the daily operations and strategic planning of Çates Electricity Generation in order to enable faster decision making and quicker action in volatile and competitive market conditions.

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

At Çates Electricity Generation, we integrate risk management into the entirety of our operations and strategic planning, implement a reliable risk management mechanism in all our investment decisions and processes, and comprehensively evaluate all the 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 the risk factors that may adversely affect our Company and our stakeholders, including financial performance and reputation, in the most effective manner.

Evaluation of the Board of Directors on the Internal Audit and Control System and the Activities Conducted within this Scope

Internal audit and control activities carried out within Çates Elektrik Üretim A.Ş. have a systematic structure designed to assess whether risk management, financial reporting, control and governance processes are carried out effectively, adequately, efficiently and in compliance with existing legal and internal regulations, and whether the information systems are managed in a secure and reliable manner. The Internal Audit Function, which carries out its activities within this scope with a risk-oriented approach, regularly reports its activities to provide reasonable assurance to the Board of Directors, shareholders and other stakeholders and acts as an independent and objective assurance function authorized by the Company's Board of Directors. The Internal Audit Function also oversees the proper definition, adequate and effective realization of the objectives related to compliance with the ethical rules and working principles defined within the company and fulfills the activities within its area of responsibility.

Accordingly, central and on-site internal audit activities were conducted within the Company in accordance with the Audit Plan for 2024. Audit and control activities were found to be capable of providing a reasonable level of assurance to risk management, internal control and governance processes. Agreements were reached with the Management on actions to improve individual control deficiencies identified during the audits and it was periodically monitored whether these actions were implemented in a timely manner.

Evaluation of the Board of Directors on the Financial Position and Results of Operations

As a result of great effort and dedication, our Company was offered to the public on December 7, 2023 and started trading on the Borsa Istanbul - Stars Market.

The Company's equity decreased by 3% in the first quarter of 2025 compared to 2024 due to the loss for the period.

Evaluation of the Board of Directors on the Committees

Five committees have been established within the Board of Directors: “Audit Committee”, “Corporate Governance Committee”, “Early Detection of Risk Committee/ Early Risk Detection Committee”, “Sustainability, Environment, Occupational Health and Safety” and “Investment Committee”.

The Committees convene within the framework of their working principles in accordance with the meeting agendas established within the scope of their objectives and duties, and make recommendations and presentations to the Board of Directors in line with the decisions taken.

Detailed information on the Committees is available on the Company website at the link of
https://www.cates.com.tr/en/investor-relations/corporate-governance

Senior Management

Staff with a Voice in Management:

Rıdvan Edip AKDENİZ (General Manager)

Mr. Rıdvan Edip Akdeniz graduated from Kocaeli University, Faculty of Engineering, Department of Electronics and Communication Engineering in 2005. He has started his career at Yatağan Yeniköy Elektrik Üretim A.Ş., where he served as the Production Manager, Measurement Control Engineer, FDG Operation Engineer and Chief Engineer. In 2014, he has started working at Aydem Energy. At Aydem Energy, Akdeniz first served as the Deputy Plant Manager at Yatağan Termik Enerji Üretim A.Ş., and then as the Senior Manager of Thermal Power Plants Production Planning in 2019.

Rıdvan Edip Akdeniz has been assigned as Çatalağzı Thermal Power Plant Director in 2021. In July 2023, he was appointed as a Member of the Board of Directors of Çates Elektrik Üretim A.Ş. As of October 15, 2024, Mr. Rıdvan Edip Akdeniz serves as the General Manager of Çates Elektrik Üretim A.Ş.

Hakan KIZIL (Power Plant Director)

Mr. Hakan KIZIL was born on 23.01.1981 in Kayseri. He is married and has 2 children. He received his Bachelor's degree in 2003, his Master's degree in Mechanical Engineering from Bülent Ecevit University in 2011 and his Master's degree in Business Administration from Bülent Ecevit University, Department of Business Administration in 2019. Mr. Hakan KIZIL, who has been in professional life since 2005, started his career as a mechanical maintenance engineer at EÜAŞ Kangal Thermal Power Plant. Between 2007 and 2015, he worked as the chief mechanical maintenance engineer at EÜAŞ Çatalağzı Thermal Power Plant. Between 2015 and 2025, Mr. KIZIL has served as the mechanical maintenance manager and the senior mechanical maintenance manager at Çates Elektrik Üretim A.Ş., respectively, and started working as the Power Plant Director at Çates Elektrik Üretim A.Ş. on January 1, 2025.

Ahmet Ersoy ÖNAL (Director of Financial Affairs)

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

Rıdvan Edip AKDENİZ

Ahmet Ersoy ÖNAL

Hakan KIZIL

You can access the "Positions Held Outside the Partnership as of the Current Situation" and "Positions Held 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 (KAP) 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

All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors. The Committee may invite the managers and consultants it deems necessary to its meetings and obtain their opinions. The Committee shall benefit from the opinions of experts and consultants when necessary. In this context, no consultancy service was received from any person/organization within the Board of Directors Committees in 2024.

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	Chairperson	Independent Board Member	Non-Executive
Kemal USLU	Member	Independent Board Member	Non-Executive
Corporate Governance Committee			
Kemal USLU	Chairperson	Independent Board Member	Non-Executive
Ayben KOY	Member	Independent Board Member	Non-Executive
Hüseyin KONUR	Member	Investor Relations Manager	Executive
Early Detection of Risk Committee			
Ayben KOY	Chairperson	Independent Board Member	Non-Executive
Kemal USLU	Member	Independent Board Member	Non-Executive
Ahmet Ersoy ÖNAL	Member	Financial Affairs Director	Executive
Investment Committee			
Mehmet Akif GÜL	Chairperson	Chairman of the Board of Directors	Non-Executive
Rıdvan Edip AKDENİZ	Member	Vice Chairman of the Board and General Manager	Executive
Ahmet Ersoy ÖNAL	Member	Financial Affairs Director	Executive
Ayben KOY	Member	Independent Board Member	Non-Executive
Kemal USLU	Member	Independent Board Member	Non-Executive
Sustainability Committee			
Vijdan Önen	Interim Chairperson	HSE and Sustainability Group Manager	Executive
Rıdvan Edip AKDENİZ	Member	Vice Chairman of the Board and General Manager	Executive
Tülin YILMAZ	Member	HSE and Sustainability Manager	Executive
Ayben KOY	Member	Independent Board Member	Non-Executive
Kemal USLU	Member	Independent Board Member	Non-Executive

Committee	Executor Member Ratio	Non-Executor Member Ratio
Audit Committee	0%	100%
Corporate Governance Committee	33%	67%
Early Detection of Risk Committee	33%	67%
Investment Committee	40%	60%
Sustainability Committee	60%	40%

Dividend Distribution Policy

Article 1: Scope and Legal Basis
This Dividend 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: Purpose
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: Dividend Advance Distribution Principles
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

During the reporting period January 1, 2025 - March 31, 2025, the Ordinary General Assembly Meeting was not held.

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 March 31, 2025 and March 31, 2024 is shown in the table below:

GENDER BREAKDOWN	31 March 2024			31 March 2025		
	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE
White Collar	48	8	40	57	13	44
Engineer	17	1	16	16	3	13
Administrative Staff	31	7	24	41	10	31
Blue Collar	332	2	330	331	2	329
Operation Technicians	172	2	170	169	2	167
Maintenance Technicians	160	-	160	162	-	162
Total	380	10	370	388	15	373

As of March 31, 2025 the Company employs 388 personnel, 16 of whom are engineers, 41 are administrative personnel, 169 are operation technicians and 162 are maintenance technicians.

AGE BREAKDOWN	As of March 31									
	2024					2025				
	TOTAL	18 - 39	40 - 49	50 - 59	60 and above	TOTAL	18 - 39	40 - 49	50 - 59	60 and above
White Collar	48	31	12	3	2	57	34	16	4	3
Engineer	17	11	4	1	1	16	10	3	2	1
Administrative Staff	31	20	8	2	1	41	24	13	2	2
Blue Collar	332	165	114	47	6	331	157	115	50	9
Operation Technicians	172	74	67	29	2	169	73	60	33	3
Maintenance Technicians	160	91	47	18	4	162	84	55	17	6
Total	380	196	126	50	8	388	191	131	54	12

EDUCATION BREAKDOWN	As of March 31									
	2024					2025				
	TOTAL	Secondary Education	High school	Associate Degree	Undergraduate and above	TOTAL	Secondary Education	High school	Associate Degree	Undergraduate and above
White Collar	48	1	2	7	38	57	1	5	6	45
Engineer	17	-	-	-	17	16	-	-	-	16
Administrative Staff	31	1	2	7	21	41	1	5	6	29
Blue Collar	332	7	270	41	14	331	8	267	45	11
Operation Technicians	172	1	148	16	7	169	1	144	17	7
Maintenance Technicians	160	6	122	25	7	162	7	123	28	4
Total	380	8	272	48	52	388	9	272	51	56

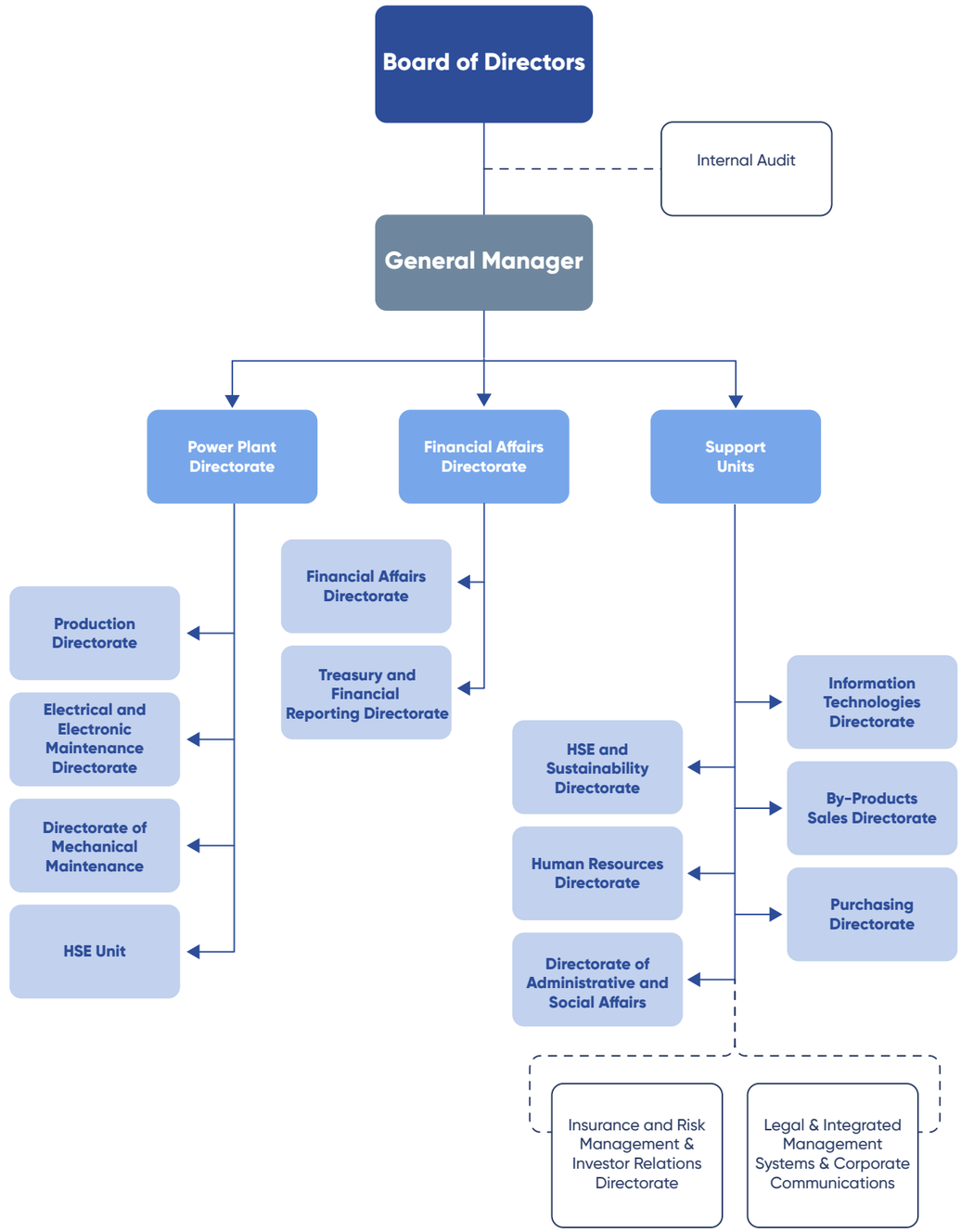
Human Resources

As of March 31, 2025, 331 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 TRY 10,404,608.

Information Regarding the Special Audit and Public Audit Conducted in 2025

Not Available.

Amendments 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

Legislative Changes in 2025

-Communiqué on the Default
Interest Rate to be Applied in Late Payments in the Supply of Goods and Services and the Minimum Expense Amount that can be Claimed for the Collection Costs of the Receivable

-Regulation Amending the Electricity Market Capacity Mechanism Regulation

-Regulation Amending the Electricity Market Balancing and Settlement Regulation

-Regulation Amending the Electricity Market License Regulation

-The aforementioned Amendment Law was published in the Official Gazette dated 04/02/2025. Amendments introduced by the Compliance Regulation regarding the amendments

-General Communiqué on Tax Procedure Law No. 582

-Decision of the Energy Market Regulatory Board dated 13/02/2025 and numbered 13286

-Decision of the Energy Market Regulatory Board dated 13/02/2025 and numbered 13285

-Communiqué Amending the General Implementation Communiqué on Value Added Tax

Information on Lawsuits Filed Against the Company that May Affect the Financial Position and Activities of the Company and Their Possible Outcomes

As of March 31, 2025, the Company has 2 files in which the Company is a plaintiff with a total case value of TRY 174,942.59 and 201 files in which the Company is a defendant with a total case value of TRY 3,899,741.42, all of which constituted a significant impact on the Company's financial position or profitability in the last 12 months and may have an impact in the following periods There exist no files with a case value over TRY 1 million where the Company is a plaintiff or a defendant.

There is one lawsuit regarding the cancellation of the transaction concerning the restriction of the financing costs/expenses for the year 2022, calculated over the liabilities (foreign resources) used by the Company before 2021, and as a result, the amount of "deductible financial losses carried forward to subsequent years" from 2022 was reduced by TRY 35,851,552.38. The Court of First Instance partially accepted the lawsuit and decided to cancel the part arising from the interest income amounting to TRY 727,103.80 calculated due to thin, disguised capitalization and to dismiss the lawsuit for the cancellation of the part arising from the financing expense restriction. This decision was appealed by the Company and the defendant Administration. The Regional Administrative Court upheld the decision of the Court of First Instance. An appeal has been filed by the Company and the defendant Administration and the outcome of the appeal is pending. There is one lawsuit regarding the cancellation of the administrative action to reduce the value added tax amount carried forward to the next period by TRY 194,604.49 (determining the value added tax amount carried forward to the next period as TRY 4,993,921.43 instead of TRY 5,188,525.92) upon the value added tax declaration for the 2020/June period submitted with a reservation record, by not accepting the reservation record. Although the Court of First Instance ruled for the dismissal of the case, as a result of the appeal filed by the Company, the Regional Administrative Court decided to accept the case. This ruling was appealed by the Defendant Administration, but the Council of State also approved the decision of the Regional Administrative Court and the file was finalized.

In case these lawsuits are concluded in favor of the Company, it will have a positive impact on the Company's financials. If the lawsuits are concluded against the Company, this will not have an adverse impact on the Company's financials since the Company will not make additional tax payments. Furthermore, there exist no administrative sanctions that may have an adverse impact on the Company's future.

Explanations on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body Due to Practices Contrary to the Provisions of the Legislation

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

Information on Own Shares Acquired by the Company

None.

Information on Privileged Shares

Aydem Holding A.Ş., the indirect controlling shareholder of the Company, also holds privileged Group A registered shares of the Company and Group A shareholders have the privileges recognized in the Articles of Association, which are explained in detail in section 19.3 of this Prospectus regarding the nomination of candidates for the election of board members and the inability to take certain decisions in general assembly meetings without the affirmative vote of shareholders holding the majority of the capital represented by Group A shares.

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.

Following the Board's letter dated 09.06.2023 and numbered E-29833736-110.03.03.03-38470 and the Ministry of Trade's approval letter dated 09.06.2023 and numbered E-50035491-431.02-00086814005, the amendment to the Articles of Association was registered on 12.07.2023 and thereafter the Company has switched to the registered capital system.

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

Group	Registered / Bearer	Type of concessions	Nominal Value (TRY)	Total (TRY)	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.

Rating Notes

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

During the reporting period, no donations and aids were made.

Research and Development Activities

None.

Significant Changes During the Accounting Period

-As of 1 January 2025, Mr. Hakan Kızıl has been appointed as the Power Plant Director of our Company.

-Our Company has signed a Corporate Governance Rating Service Agreement with "SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş." to be effecive from 17 March 2025 onwards. Contract period is identified as 1 (one) year.

Significant changes that occurred in our Company during the accounting period can be accessed via the Public Disclosures menu (https://www.cates.com.tr/en/public-disclosures) on our Company's Investor Relations page and/or via our Company's Public Disclosure Platform (KAP) page (https://www.kap.org.tr/en/sirket-bilgileri/ozet/5905-cates-elektrik-uretim-a-s).

Changes Between the End of the Period and the Preparation of the Report

As of 18.04.2025, the conclusion section of the Board of Directors Report on Related Party Transactions for the fiscal year 2025 has been published.

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.

Insolvency:
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 evaluated the results and plans for the reporting period and determined that the targets were largely realized. The Company ended the reporting period with a net loss for the period of TRY -265,967,993 As of the reporting period, accumulated retained earnings amounted to TRY 4,338,382,509.

On the other hand, the Company has an operating loss of TRY -33,133,884 and a net cash outflow of TRY -32,458,599 from operating activities.

The Company has earned TRY 135,128,037 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.

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INFORMATION ON RISK MANAGEMENT AND INTERNAL AUDIT

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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 where a customer or counterparty falls default on its contractual obligations and it arises primarily from customer receivables.

Liquidity risk is the risk where the Company is unable to meet its future financial obligations. The Company's liquidity risk is managed by obtaining adequate financing facilities from various financial institutions in a manner that will not cause loss or damage the Company's reputation in order to fund its current and prospective debt requirements under normal conditions or in crisis situations.

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

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

Early Detection and Management of Risk Activities

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

Risks that the Company May Encounter

A)Risks related to the company and its activities:

The Company's operations may be adversely affected by disruptions or negativities that may occur during the operation of the Company's existing power plant and during the fulfillment of the responsibilities related to the health and safety of the public and employees and the environment.
The operation, maintenance and renovation of the Power Plant carries significant risks that may lead to unexpected power outages, low efficiency and unexpected investment expenditures.

The Company's operations depend on the relationship it maintains with its suppliers and non-renewal of contracts for coal supply to the Power Plant may adversely affect the Company's operations.

Factors beyond the Company's control, such as climatic conditions, may adversely 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 foreign currency exchange rates may have an impact on the Company's income and financial position.

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

Any damage to the natural environment alleged to be caused by the Company's operation of the power plant may result in legal action, compliance studies and/or suspension of generation activities at the power plant or in increased costs.

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

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

The Company may be exposed to risks due to possible unethical behavior and/or unlawful conduct 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 related parties.

As a result of the war between Russia and Ukraine that started in 2022, the global energy market and economic downturn may lead to a decrease in consumer demand for electricity and may adversely affect the Company's ability to sell electricity.
The loss of key personnel or the inability to recruit key personnel and qualified employees may limit the Company's growth and adversely affect its operations.

The Company's indebtedness and financial liabilities may adversely affect the Company's business, financial position and the outcomes of the operations.

The Company is required to comply with certain covenants under its loan agreements.

There may be risks related to litigation and disputes. Within the scope of the Company's ordinary activities, legal proceedings may be initiated and lawsuits may be filed against the Company and the Company may also be subject to administrative proceedings. As a result of the aforementioned claims and legal proceedings being finalized against the Company, the Company and its executives may incur judicial and criminal liabilities, the Company may be fined and may have to pay compensation.
Inability to obtain loans or capital due to the volatility 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 subsidiaries. In addition, a share pledge has been established on the shares of Parla Energy, which represent approximately the majority of the Company's capital, in favor of the creditors of Parla Energy. The occurrence of an event of default under the related loan agreements may lead to a change of control.

The Company may not be able to maintain its profitability level or the expected improvements in profitability level may not be realized.

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

Disruptions caused by widespread public health concerns, including the Covid-19 pandemic, may adversely affect the Company's business, the results of operations, its future prospects or financial condition.
Natural disasters such as floods, storms, landslides and earthquakes may adversely affect the Company's business, the results of the operations, its future prospects or financial position.

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

The demand for electricity may decrease and uncontrolled price fluctuations may occur.
Licenses, permits and regulations required for the operation of the power plants owned by the companies operating in the sector depend on the signing of mandatory agreements with public institutions and maintaining their validity.

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

Energy sector activities are subject to regulations and changes in these regulations that may adversely affect the operations of the companies.

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

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

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

The Company's operations may be affected by environmental legislation and related lawsuits that may arise in the future and/or the Company may incur significant costs.

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 in the risk management, control and governance processes designed and implemented by Çates Electricity Generation management; that the business processes and transactions are in compliance with policies, procedures and relevant legislation; that the resources are used economically and efficiently and are effectively protected within the Company's sustainability goals; and that financial, managerial and operational information is made available accurately, reliably and on time. In addition, the Internal Audit function oversees the proper definition and adequate and effective realization of the objectives related to compliance with the ethical rules and business principles defined within the company.

The Internal Audit function is an independent assurance function that reports its activities to the Board of Directors and receives its authorization from the Company's Board of Directors. The Audit Plan, which is implemented and approved annually by the Board of Directors, is created by risk-based categorization of the processes that include business activities that support the achievement of the Company's strategic goals. The results of the audit work carried out in accordance with the Audit Plan are periodically presented to the Board of Directors and to the relevant management bodies.

The Internal Audit Unit bases its activities on International Standards on Internal Auditing 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, fieldwork and reporting of audit results, as well as formal audit action follow-up procedures to verify the implementation of risk mitigation actions proposed by Internal Audit and accepted by Management.

During the reporting period, according to the 2025 Audit Plan, “Integrated Management System (IMS)” and “Financial Affairs” internal audit have been performed.

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All contact information of our Company can be accessed from the General Information-Contact Information tab on our Public Disclosure Platform (KAP) page
https://www.kap.org.tr/en/sirket-bilgileri/genel/5905-cates-elektrik-uretim-a-s

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