

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.  
AND ITS SUBSIDIARIES**

**1 JANUARY – 30 SEPTEMBER 2024**

**BOARD OF DIRECTORS**

**INTERIM PERIOD ACTIVITY REPORT**

**ISSUED PURSUANT TO THE COMMUNIQUE SERIAL: II NO. 14.1.**

**07.11.2024**

## 1- GENERAL INFORMATION

Türk Prysmian Kablo ve Sistemleri A.Ş. is the Turkish operation of Prysmian, worldwide leading company in energy and telecommunication cables' industry with its approximately 30.000 employees and 108 factories in 50 countries following the merge realized globally with GeneralCable.

The company stands out in Prysmian as one of the 16 plants that can simultaneously produce energy and telecom cables with Prysmian and Draka brands. Wide product range of Türk Prysmian includes all energy cables up to 220 kV, copper conductor communication cables up to 3.600 pairs, optical fiber cables, railway signalization cables, studio broadcast cables and special cables. Today Mudanya factory can produce over 22.000 different cables. Furthermore, Türk Prysmian delivers “turn key” projects for cables and systems providing each one customer tailored and premium services. The installed capacity of Türk Prysmian is also at a level to compete in the international markets.

Capacity utilization rate of Türk Prysmian reached 74% in 2023, and it continues to be a privileged export center within the Prysmian Group, exporting approximately 22% of its 10.612.036.644 TRY turnover in third half period of 2024. Türk Prysmian continues to be the leader of the market in the field of innovation, technology, quality and customer satisfaction both in Türkiye and abroad. With a wide geographical coverage, the company exports to more than 50 countries today, particularly Turkic Republics and Middle East countries.

Prysmian has 26 R&D centers worldwide and one in Türk Prysmian's Mudanya factory. Material Technologies Laboratory in the Mudanya R&D center is registered by Turkish Accreditation Agency (TÜRKAK) with accreditation certificate TS EN ISO/IEC 17025 “General Requirements For The Competence of Testing and Calibration Laboratories”. The certificate granted by TÜRKAK is a certification that the results of ‘fire tests’ conducted in Türk Prysmian's laboratory are reliable and internationally valid.

Türk Prysmian Kablo ve Sistemleri A.Ş., listed on the Borsa Istanbul strives for improving the efficiency of its products and services not only in Türkiye, but also in global markets, and ISO/DQS 9001, and ISO 14000 certifications granted for the first time in this sector is a further proof of how much the company cares for people and environment.

**Fiscal Period of the Report:**

This report has been issued for the period 01.01.2024-30.09.2024.

**Company Trade Registry Number and Contact Info:**

**Head Office Address:** Ömerbey Mah. Bursa Asfaltı Cad. No:51 Mudanya / BURSA

**Tel:** +90 224 270 3000 **Fax :** +90 224 270 3024

**Branch Address:** Fulya Mah. Büyükdere Cad. Torun Center D Blok No: 74d İç Kapı No: 21 Şişli / İstanbul

Tel: +90 212 393 7700 Fax: +90 212 393 7762

**Trade Registry Number:** M0153/Bursa Merkez

**Mersis No:** 086005137400023

**Web site :** [www.prysmian.com.tr](http://www.prysmian.com.tr)

the Company's subsidiaries are detailed below:

<b>Subsidiaries</b>	<b>Types of activities</b>	<b>Main fields of activity</b>
Turkish Prysmian-Prysmian Powerlink DB.KAB.19 Business Ordinary Partnership	Sales	Sale of Power Cables

**2- BUSINESS SECTOR, VISION AND MISSION**

Prysmian Group is the world leader in the field of energy cables and systems as well as communication cables and systems. We are a multinational company that has been growing for more than a century in the sectors specialized in throughout the world and deeply rooted in all local markets.

Our vision is, while keeping inside alive the workforce which will help us to exhibit a creative and superior performance with our outstanding and innovative role, having an organizational structure that gives importance to openness and social responsibility, carrying on long term partnerships by providing customer satisfaction continuously, creating constant value for our shareholders and dedicating

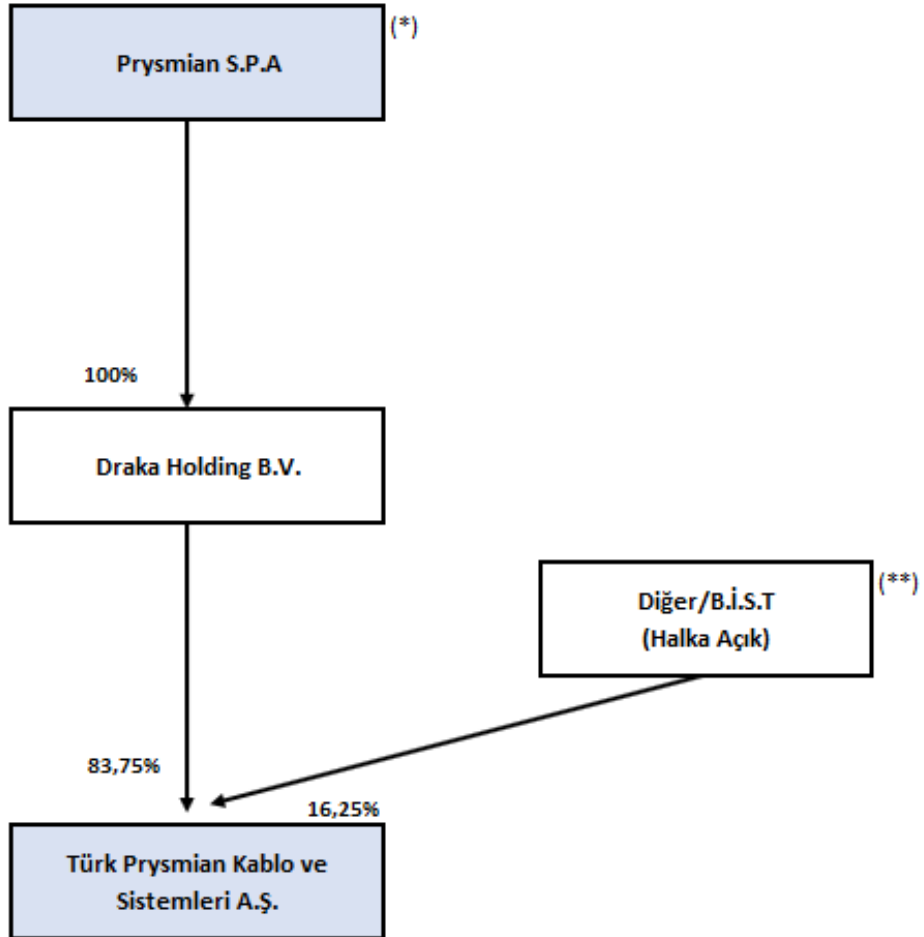
ourselves to improve the community's conditions, to be the industry leader in Turkiye and in international platforms as a member of Prysmian Group. Our mission is to add value to our shareholders and to the sector by providing innovative, technologically advanced, high quality and safe products and services to our clients, business partners and the society in general, meeting all applicable standards.

### 3- CAPITAL AND SHAREHOLDER STRUCTURE

Capital Structure of the Company as of 30.09.2024 is as follows:

Partners	%	TL
Draka Holding B.V.	83.75	181,506,654
Other*	16.25	35,226,998
<b>Nominal capital</b>	<b>100.00</b>	<b>216,733,652</b>

We do not issue privileged shares. Shares carry one vote per share.



Final Shareholder Structure as of 30.09.202

#### 4- BOARD OF DIRECTORS AND COMMITTEES, COMMITTEE MEMBERS AND ORGANIZATIONAL STRUCTURE

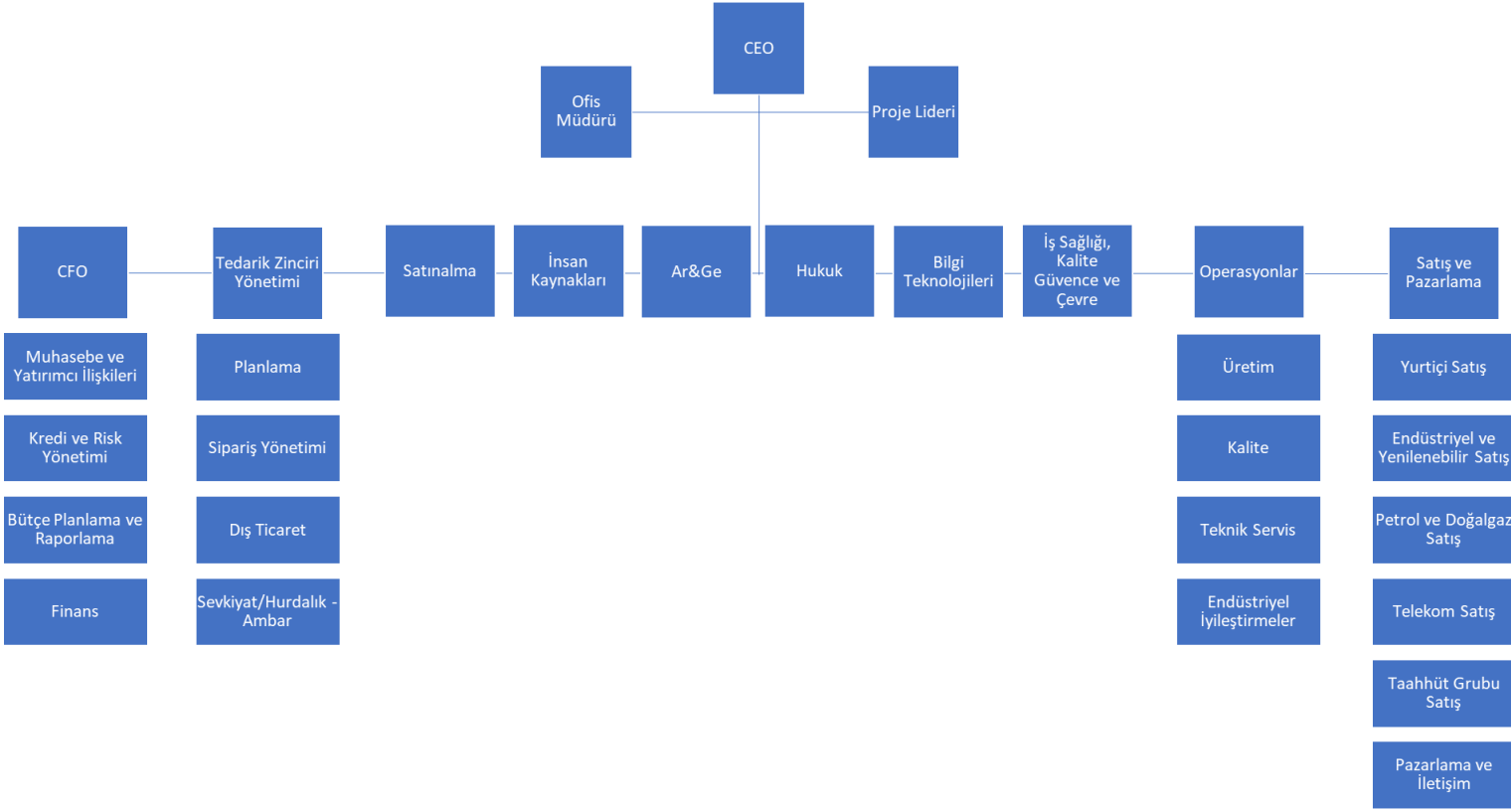
Members of the Board of Directors as of 30.09.2024 are as follows.

<b><u>Yönetim Kurulu</u></b>	Chairman	Halil İbrahim KONGUR
	Vice Chairman	Sarah Lynn SNYDER
	Board Member	Marcelo De PAOLA
	Board Member	Maria Cristina BIFULCO
	Board Member	Giacomo SOFIA
	Independent Board Member	Mine AYHAN
	Independent Board Member	Ebgü Senem DEMİRKAN
	Independent Board Member	Mehmet GÖÇMEN

Committees formed as per the provisions of Communiqué on Corporate Governance (Serial: II, No: 17.1) published by Capital Market Board are stated below.

<b><u>Audit Committee</u></b>	Chairman	Mehmet GÖÇMEN
	Committee Member	Ebgü Senem DEMİRKAN
	Committee Member	Mine AYHAN
<b><u>Early Detection of Risk and Risk management Committee</u></b>	Chairman	Mine AYHAN
	Committee Member	Ebgü Senem DEMİRKAN
	Committee Member	Mehmet GÖÇMEN
<b><u>Corporate Governance Committee</u></b>	Chairman	Ebgü Senem DEMİRKAN
	Committee Member	Mine AYHAN
	Committee Member	Ayşe Çiğdem Çelikkbilek *

# Organization Structure



## 5- TOP LEVEL MANAGEMENT AND COMPANY MANAGEMENT

<b>COMPANY MANAGEMENT:</b>	
<b>Halil İbrahim Kongur</b>	Board Chairman
<b>Sarah Lynn Snyder</b>	Board Vice Chairman & Financial Affairs Director
<b>Marcelo de Paola</b>	Board Member
<b>Maria Cristina Bifulco</b>	Board Member
<b>Giacomo Sofia</b>	Board Member
<b>Mine Ayhan</b>	Independent Board Member
<b>Ebgü Senem Demirkan</b>	Independent Board Member
<b>Mehmet Göçmen</b>	Independent Board Member
<b>Sarah Lynn Snyder</b>	Financial Affairs Director
<b>İbrahim Etem Bakaç</b>	Domestic Sales Director
<b>I. Bertan Bilgin</b>	Factory Director
<b>Ufuk Colak</b>	Oil & Gas Sales Director
<b>Francesco Caputo</b>	Human Resources Director
<b>Berk Yengin</b>	Utilities and Contracting Sales Director
<b>Gamze Keçeci</b>	Purchasing Director
<b>Mert Erden</b>	Industrial and Renewables Director
<b>Tamer Yavuztürk</b>	Marketing and Business Intelligence Director
<b>Cansu Yitmen</b>	Legal Affairs Director
<b>İdris Çolakgil</b>	Information Technologies Director
<b>Meltem Gençarslan</b>	Accounting Manager
<b>Erdinç Yuksel</b>	R&D Director
<b>Nedim Yıldız</b>	Quality Manager
<b>Pınar Taşçı</b>	Telecom Sales Director

## **6- SECTORAL EVALUATION AND INFORMATION ON COMPANY ACTIVITIES**

Global trade in goods and services, which remained horizontal due to the tightening measures implemented by central banks in order to prevent the increasing global inflation as a result of the monetary expansion experienced during the epidemic period, cannot show an increasing trend due to the recent increasing geopolitical developments and weakening global demand.

While global trade remains horizontal; The economy of Turkiye 5.1% growth in 2023 despite the major earthquake disaster, regional risks and high inflation. While the measures taken within the scope of combating high inflation during this difficult period caused a slowdown in the economy and a contraction in domestic demand, the increasing regional tension caused new risks in export markets and increased uncertainty for both the Turkish economy and the cable industry.

Although the construction sector was mobilized due to the urban transformation and reconstruction processes that accelerated after the earthquake, the increase in interest rates within the scope of the fight against inflation in the same period made financial conditions and access to credit difficult, negatively affecting housing sales and causing the downward trend in sales to continue.

The lack of demand in the domestic market, which started in the second half of 2023, has led to increased competition in the cable industry. Fluctuation in prices, extension of maturities and delay in payments due to increasing competition have led the cable sector to export. This trend in the domestic market is expected to increase in 2024, and therefore the pressure on prices will continue. Cable sector exports have remained stable for the last two years at the level of 3 billion dollars, which is an important value for the Turkish economy. However, factors such as developments in export markets and embargo practices resulting from high regional geopolitical tension affect the export performance of companies. On the other hand, the fact that banks' tightening of loans in financial markets and their appetite for lending has decreased significantly, and the loans available in limited quantities are at very high rates and these rates cannot meet the operating profitability of the sector companies that already operate with very low profit margins, reveal a different unhealthy structure.

In addition to the uncertainty regarding the upcoming period, fluctuations in raw material, energy and logistics costs create serious pressure on the cable industry, which imports its raw materials. Due to the fact that metals such as copper, aluminum, and polymer materials such as PVC and polyethylene, which are among the main raw materials used in cable production, are traded in foreign currency, the fluctuation in exchange rates causes manufacturers to re-price pricing with each change. Therefore, it causes the contractor, distributor, project company and end users to re-work the budget each time. In a situation where most of the costs are in foreign currency and sales are in Turkish lira and deferred, such fluctuations negatively affect the sector.



Despite the stagnation in the world and in Türkiye, the use of renewable energy resources in Türkiye continues to increase day by day and therefore Türkiye has become one of the important actors in the region in terms of energy, which also positively supports the development of the cable industry. While green economy, energy transformation and carbon reduction targets take their place in our lives as the most important issues on the agenda in business life; Companies in the sector that invest in new environmentally friendly products and systems, have a sense of responsibility towards the universe, focus on renewable energy projects that will benefit both the world and the industry, have a sustainability perspective, can develop commercial policies for climate change and focus on sustainability in all their work, are aware of global developments. will be the companies that are least affected and serve the sector in the longer term.

Cables such as not endangering human life and property safety, improved performance against fire, and designed to transmit more data faster and in less space are sought in cables. Our country's leading cable manufacturers, producer associations and relevant official institutions and organizations have started a serious fight against non-standard cables. In order to live in a safer and more efficient world; Information activities are continuing to choose high-performance solutions that will bring advantage in total cost, to raise awareness in the sector about the use of correct cables, to carry out market surveillance and audit activities to ensure that the cables used in the market comply with the standards, and to raise awareness about the inconsistencies in the quality of some cables sold in Türkiye.

## **R&D Activities**

Türk Prysmian Kablo aims to increase its competitive power in the energy and telecommunication cables industry, offering users of cutting edge technologies the opportunity to take the advantage of its leadership in innovation and development, and is working on efficient, effective, superior and eco-friendly products and system solutions. The Research & Development (R&D) Centre in Mudanya is an R&D Center approved by the R.T. Ministry of Industry and Technology and one of 26 R&D centers of the Prysmian Group that play a leading role in cable production and material technologies internationally. With its extensive laboratory infrastructure and research and development activities, Mudanya R&D Centre is also a pioneer in Turkish cable manufacturing.

Established on an area of 5 thousand square meters and comprised of 6 separate departments, the R&D Centre encompasses a Material Technologies Laboratory, a Burn Test Laboratory, an Energy Cable Testing Laboratory, a Telecom and Fiber Cables Testing Laboratory as well as a Design and Innovation Office and a Process Design and Prototype Development Office. The R&D Centre holds the TS EN ISO /IEC 17025 Standard "General Requirements for the Competence of Testing and Calibration Laboratories", and the Private Sector Burn Test Laboratory has been the first lab accredited by the Turkish Accreditation Agency (TURKAK) in Turkey to possess the infrastructure prescribed by "CRP - Construction Products Regulation".

The first company in the Turkish Cable Industry to acquire the CPR certificate thanks to its research and product development activities and the pioneer of the sector with its expertise in this field, Türk Prysmian Kablo continuously adapts its products to the requirements of CPR. We developed top quality CPR compliant cables to meet the increasing CPR demand in the railway sector. There is a demand for B and C CPR class, high fire performance cables for use in new generation power stations and modern substations standing out with renewable energy production. The use of cables with high CPR performance is becoming more common in petrochemical plants as well. In order to respond to this demand, new CPR families were developed in control, instrumentation and energy cable groups, certification studies were carried out and new export markets were reached.

In order to increase export markets, our certification studies for low voltage energy cables have accelerated. We are also working to obtain LR certification in addition to our existing certificates for ship cables.

Big data management issues are increasing their importance day by day. In this field, big data centres are being established in many countries. In order to meet the needs of data centres, studies on both energy and data transfer have been initiated. In this sector, the demands arising in the European market are targeted.

PVC material development solutions were completed as an alternative to existing low smoke density and halogen-free LSOH material solutions to meet customer demands in different markets. Tests in various safety classes for the newly developed low smoke density PVC were completed in cooperation with TSE. A patent application has been made for this product. Research and development activities were carried out and new product groups were developed in order to export cables to large markets such as America, Europe, Asia and Australia in the railway sector. In fibre optic cable solutions, innovative product development activities were continued by conducting joint projects with the R&D centre.

Our R&D centre continues to work intensively in the field of sustainability. A multi-layered study has been initiated for a more sustainable product. The carbon footprint of the products is calculated and new materials and technologies are being researched to reduce it. All toxic products that harm the environment are kept up to date within the scope of REACH and RoHS and candidate lists, and this information is used in material technologies, and products on these lists are not used. Renewable energy cables and high efficiency cables, which are important within the scope of sustainability, continue to be studied.

Increasing its investment in technology and innovation with Mudanya R&D Centre, Türk Prysmian Kablo aims to improve the competitiveness of our country by bringing users together with technological innovations and high performance products. In line with this vision, it has been operating in the first R&D Centre approved by the Ministry of Science, Industry and Technology in the cable sector since 2016. In addition to innovation and product development studies, Türk Prysmian Kablo, which has 7 completed Tübitak Projects and 11

patents, also participated in 2 international seminars in 2023. Close co-operation with universities continues to increase. In this context, university-industry cooperation has gained momentum with the new R&D personnel starting their master's degree education. Within the scope of the R&D centre, we have 10 projects completed as of 2023 and 9 projects ongoing as of 2024.

The R&D Centre of Türk Prysmian Kablo continues to produce high-performing innovative solutions giving priority to efficiency and safety. For energy, fiber and communication cables, innovative, competitive, state-of-the-art, user-friendly and high performing solutions are developed for various geographical, environmental and usage conditions all around the world, taking account of the needs of users and industries. These solutions include, amongst others, railway signaling cables, low voltage and fiber optic cables for the petro chemistry industry, minitube fiber optic cables, defense industry and railway car cables, fire-resistant railway - fiber optic cables, and custom cables for the petro chemistry sector. Moreover, the number of national and international tests that have been included in the scope of accreditation by Turkish Accreditation Agency (TURKAK) has risen to 29, which is an outcome of the importance accorded by Türk Prysmian Kablo to product and test reliability.

## **7- ECONOMIC EXPECTATIONS**

### **2024 – 3st Quarter Realization**

In the 3rd quarter of 2024, the Central Bank kept the policy rate unchanged at 50%. The Central Bank, which last raised the policy rate to 50% in March, has been keeping the interest rate constant at this rate for the last seven months. After the Turkish Statistical Institute (TurkStat) announced the September inflation data as 49.38% on an annual basis, inflation fell below the policy rate after a long time. In the MPC notes, the MPC noted that uncertainty about the pace of disinflation has increased and reduced the expectation for a rate cut in the short term. While emphasizing the ongoing determination in the fight against inflation, it seems to have postponed the expectation of a rate cut to some extent. If the significant decline in inflation continues in the coming months, interest rate cut expectations are expected to be postponed to 2025.

As of the 3rd quarter, the change in CPI in September 2024 was 2.97% compared to the previous month, 35.86% compared to December of the previous year, 49.38% compared to the same month of the previous year and 63.47% compared to the twelve-month averages. The main group with the lowest increase compared to the same month of the previous year was transportation with 26.60%. On the other hand, the main group with the highest increase compared to the same month of the previous year was housing with 97.87%. By main expenditure groups, the main group that decreased in September 2024 compared to the previous month was communication with -0.88%. On the other hand, the main group with the highest month-on-month increase in September 2024 was education with 14.21%.

As of the end of August, seasonally adjusted unemployment rate was realized as 8.5%. According to the results of the Household Labor Force Survey; The number of unemployed people aged 15 and over decreased by 89 thousand people in August 2024 compared to the previous month and became 3 million 55 thousand

people. The unemployment rate decreased by 0.3 points to 8.5%. Unemployment rate was estimated as 7.0% for men and 11.4% for women. In August 2024, the number of employed people increased by 78 thousand persons compared to the previous month and became 32 million 776 thousand people, while the employment rate increased by 0.1 point to 49.7%. This rate was realized as 67.1% for men and 32.6% for women.

The consumer confidence index, which is calculated from the results of the consumer tendency survey conducted in cooperation with the Turkish Statistical Institute and the Central Bank of the Republic of Turkey, increased by 2.4% to 78.2 in September from 76.4 in August.

The annual inflation rate in the Euro Area was realized as 1.8 percent in September, announced by the European Statistical Institute Eurostat. While this rate was one step lower than the 2.2 percent rate in August, it was also below analysts' expectations of 1.9 percent. This was also the lowest figure since April 2021 and managed to keep inflation below the European Central Bank's (ECB) 2 percent target.

The main reason for the decline in inflation in Europe was the fall in energy prices from -3 percent in August to -6 percent in September. Services inflation also fell to 4 percent in September from 4.1 percent in the previous month.

In the US, inflation was 2.4 percent annually in September. The Consumer Price Index (CPI) in the US increased by 0.2 percent on a monthly basis and 2.4 percent on an annual basis in September, above expectations.

According to data released by the Statistical Office of the European Union (Eurostat), the seasonally adjusted unemployment rate in the Eurozone remained stable at 6.3% in September 2024 compared to August 2024 (September 2023: 6.6%). The EU unemployment rate also remained stable at 5.9% in September 2024 compared to August 2024 (September 2023: 6.1%). In the US, total non-farm payrolls increased by 254K in September. With the partial decline in September, the unemployment rate dropped to 4.1% and the number of unemployed fell to 6.8 million.

### **Year 2024 Expectations-Predictions**

As 2024 entered the last quarter, the slowdown in the economy started to be felt more. Especially after the high inflation data, interest rate cut expectations started to be postponed to 2025. On the growth side, the growth forecast for 2024 was set at 3.5 percent in the MTP and the growth forecast for 2025 was set at 4 percent. In the CBRT's latest survey of market participants, GDP growth expectation for 2024 was 3.2 percent in the previous survey period, while it was 3.1 percent in this survey period. GDP growth expectation for 2025, which was 3.4 percent in the previous survey period, was realized as 3.3 percent in this survey period. In the MTP, the unemployment rate, which was estimated to be 9.3% in 2024, was projected to increase slightly to 9.6% in 2025.

The year-end consumer inflation expectation for the current year was 44.11 percent, up from 43.14 percent in the previous survey period. 12-month-ahead CPI inflation expectation was 27.49 percent in the previous survey period, while it was 27.44 percent in the current survey period. 24-month-ahead CPI expectations were realized as 18.38 percent and 18.08 percent in the same survey periods, respectively.

Participants' expectation for the exchange rate (USD/TL) at the end of the current year, which was 37.16 TL in the previous survey period, became 36.63 TL in this survey period. The 12-month-ahead exchange rate expectation was realized as 42.73 TRY in the current survey period, while it was 42.43 TRY in the previous survey period.

CBRT Governor Fatih Karahan left inflation forecasts unchanged in the presentation of the 2024 - 3rd Quarter Inflation Report. While the year-end forecast for 2024 was kept within the range of 34% to 42%, it was emphasized that the risks to the inflation outlook have recently increased in both directions and that there is no need for a revision in the forecast range. In this context, CBRT kept its year-end inflation forecasts for 2025 and 2026 at 14% and 9%, respectively. The CBRT also reiterated that they are looking at monthly inflation, not annual inflation, and that they expect monthly inflation to fall below 1.5% in the last quarter.

The OECD revised down its growth forecast for the Turkish economy for this year by 0.2 percentage points to 3.2 percent and for 2025 by 0.1 percentage points to 3.1 percent. It revised its growth forecast for the global economy for this year upwards by 0.1 percentage points to 3.2 percent. The OECD left its growth forecast for the global economy for 2025 unchanged at 3.2 percent. While the slowdown in economic growth in the US is expected to be supported by the easing of monetary policy, the growth forecast for this year remains unchanged at 2.6 percent. However, the OECD revised its 2025 growth forecast for the US economy downward by 0.2 percentage points to 1.6 percent compared to its forecast in May. The OECD did not change its forecast of 0.7 percent for economic growth in the Eurozone this year, but revised its 2025 forecast downward by 0.2 percentage points to 1.3 percent. The IMF, on the other hand, revised its 2025 global growth forecast downward by 0.1 percentage points to 3.2 percent. The 2024 global growth forecast was also 3.2 percent. The growth forecast for Turkey was set at 3 percent for 2024.

On the other hand, while global economic growth is expected to remain strong next year as major central banks implement a series of interest rate cuts against the backdrop of the strong US economy, the US presidential elections to be held in early November are expected to rewrite the existing rules on trade, limiting the growth outlook.

## 8- SUMMARIZED ACTIVITY RESULTS

### CONDENSED BALANCE SHEET

	<b>Limited Audit Completed Sept 30 2024</b>	<b>Independent Audit Completed 31st of December 2023</b>
Rotating assets	5,694,106,430	6,664,790,144
Fixed assets	911,121,508	1,243,663,394
<b>Total assets</b>	<b>6,605,227,938</b>	<b>7,908,453,538</b>
Short futures Obligations	5,540,881,063	6,257,379,761
LONG futures Obligations	169,319,395	205,940,859
Equity	<b>870,110,650</b>	<b>1,445,132,918</b>
<b>Total resources</b>	<b>6,605,227,938</b>	<b>7,908,453,538</b>

## CONDENSED INCOME STATEMENT

	<b>1 January- Sept 30 2024</b>	<b>1 January- Sept 30 2023</b>
Revenues	10,612,036,644	13,970,933,479
Cost of sales (-)	(9,330,435,632)	(13,685,236,754)
<b>Gross profit</b>	<b>1,281,601,012</b>	<b>1,285,696,725</b>
Operating expenses	(2,064,057,883)	(1,310,876,109)
<b>Main operating profit</b>	<b>(782,456,871)</b>	<b>(25,179,384)</b>
<b>Profit before financial income/(expense)</b>	<b>(799,221,465)</b>	<b>(20,798,775)</b>
<b>Income from investments</b>	16.764.594	4.380.609
<b>Finance income/(expense)</b>	157.602.816	411.438.971
<b>Financing income/(expense)</b>	<b>303,619,874</b>	<b>404,000,431</b>
<b>Pre-tax profit</b>	<b>(653,204,407)</b>	<b>(28,237,315)</b>
Tax income / (expense)	<b>(78,182,139)</b>	<b>(175,752,804)</b>
<b>Period profit / (loss)</b>	<b>(575,022,268)</b>	<b>(203,990,119)</b>

For the January 1 - September 30, 2024 operating period, our net loss for the period amounted to **TL 575,022,268**.

### 9- FINANCIAL RESOURCES OF THE BUSINESS

Funds from business operations are used as financial sources for the company.

## Basic Ratios

	<b>Sept 30, 2024</b>	<b>December 31, 2023</b>
Current Ratio ( Current Assets / Short futures Liabilities )	1.03	1.07
Total Liabilities / Total assets	0.87	0.82
Total Liabilities / Equity	6.59	4.47

	<b>1 January- Sept 30 2024</b>	<b>1 January- Sept 30 2023</b>
Gross Profit/Net Sales	12.08%	9.20%
Activity Profit /Net Sales	-7.37%	-0.18%

## 10- EXPECTATIONS FOR THE NEXT QUARTER

Turkey's macroeconomic environment shows that the construction sector is showing signs of recovery, the domestic market is becoming increasingly competitive and the renewable energy sector is on the rise.

In addition, the Central Bank is still cautious in its fiscal policy, and the high exchange rate and rising interest rates have led to higher financial costs.

## 11- PROFIT DISTRIBUTION POLICY

There is no privilege to participate in the Company's profit, and the Dividend Policy is as follows, as determined at the General Assembly Meeting dated March 28, 2024;

Within the framework of the Turkish Commercial Code, Capital Markets Legislation, Tax Legislation and other legislation and the provisions of our Articles of Association regarding dividend distribution; dividend distribution decision is made to the extent permitted by the company's investment / financing needs and forward-looking expectations including market projections. In dividend distribution, the balance between the interests of the shareholders and the Company is consistently observed.

The method and time of distribution of the profit decided to be distributed shall be decided by the



General Assembly upon the proposal of the Board of Directors in accordance with the Capital Markets legislation. Dividends are distributed equally to all existing shares as of the date of distribution, regardless of their issue and acquisition dates.

No real person has a privileged share in the distributable profit of the Company.

## **12- CORPORATE GOVERNANCE COMPLIANCE REPORT**

Having more than 50 years of history in Turkey, As Türk Prysmian Kablo ve Sistemleri A.Ş. is one of the leading and most experienced companies in its sector.

As from its establishment, together with its Board of Directors and Executive Management, it has adopted the corporate structure and governance principles in its relations with the Company's shareholders, and relevant stakeholders. The company is committed to shape its structure and management style in accordance with guidelines specified in Corporate Governance Principles of Capital Market Board. Moreover, since Türk Prysmian Kablo ve Sistemleri A.Ş. is operating under the roof of the Prysmian Group, which has a worldwide network system and business operations, Türk Prysmian is also subject to the corporate governance principles of the Prysmian Group.

The Company, at all times, carries out business in consciousness of its social responsibilities as regards to relations with the public, customers and suppliers and by adhering to ethical values of the business world, and aims to enhance its studies and activities in this respect.

Türk Prysmian Kablo, the leading company of the cable sector, which has been making contributions to Turkish capital markets and the Turkish economy, has been the 23rd company in 2009 to be included in the prestigious Corporate Governance Index of Borsa İstanbul A.Ş. ("Borsa İstanbul"), which reflects the company's corporate value, as the result of rating research that was executed by SAHA Corporate Governance and Credit Rating Services Inc. ([www.saharating.com](http://www.saharating.com)) as per the Corporate Governance Principles of Capital Markets Board (CMB), by receiving a Governance Management rating of 7.76 out of 10 (77.58%).

<b>Borsa İstanbul Corporate Management note</b>		
<b>Main sections</b>	<b>Weight</b>	<b>Note( %)</b>
Shareholders	25%	95.95%
Public opinion Lighting And Transparency	25%	98.41%
Benefit Owners	15%	98.14%

Management board	35%	92.03%
	<b>one</b>	<b>95.52%</b>
<b>Total</b>	<b>hundred%</b>	

In 2023, according to the result of rating research that was executed by SAHA Corporate Governance and Credit Rating Services Inc., conducting corporate governance rating researches in Turkey as per the license granted by the Capital Market Board (CMB), related to “Shareholders, Informing the Public and Transparency, Beneficiaries and Board Committee” according to the communiqué regarding amendment of the communiqué (Serial: IV No: 63) on Establishment and Application of Corporate Governance Principles published by the Capital Market Board in Official Gazette no. 28567 dated 22.02.2013, the company received a Governance Management rating of 9.55 out of 10 (95.52%), completely fulfilling the requirements once again and remaining under qualified companies.

The rating research was conducted according to the methodology modified and new regulations put into practice by CMB. In the past the grade that was given for meeting mandatory corporate governance principles was 100 points but the new methodology restricts this to 85 points. Those who also make improvements besides fulfilling the mandatory principles receive a rating higher than 85. Enjoying the privilege of being one of the qualified companies, Türk Prysmian Kablo Sistemleri A.Ş. has continued to improve its rating since 2009 by receiving a higher note of 95.52.

You can view the full Corporate Governance Report in our web site ([www.prysmian.com.tr](http://www.prysmian.com.tr)) under the category of "Investor Relations" and “Corporate Governance“ tab.

In the operating cycle ending as of December 31, 2023, the Company complied with the Corporate Governance Principles published by the Capital Market Board and conducted its activities by adopting these principles with the exception of the following;

- Representation of Minority Shares in the Board of Directors,
- Management of Cumulative Voting Rights

The particulars and grounds of non-compliance are clarified in the relevant sections of the report.

#### **1CAPITAL INCREASE, AMENDMENT OF ARTICLES OF ASSOCIATION AND DIVIDEND DISTRIBUTIONS MADE WITHIN THE PERIOD**

Ordinary General Assembly meeting dated 28.03.2024 for the 2023 fiscal period is listed below.

#### **Profit Distribution Offer**

As a result of the examination and evaluation made by taking into consideration the provisions of the Turkish Commercial Code, Capital Markets Law, Capital Markets Board Regulations/Decisions/Guidelines, Corporate Tax, Income Tax, Tax Procedure Law and other relevant legislation, the relevant provisions of our Company's Articles of Association and the “Dividend Distribution Policy” disclosed to the public;

For the accounting period January 1, 2023 - December 31, 2023, according to the independently audited financial statements dated December 31, 2023, prepared in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Markets numbered I-14.1 and audited by independent auditors, a “Net Period Loss” of TL 86,861,035 and according to the legal records kept in accordance with the Tax Procedure Law, a “Net Period Loss” of TL 433,140,978 has been determined. For this reason, it was unanimously resolved with 181,555,196.342 votes in favor and 181,555,196.342 votes against 207,593.41 votes against to not distribute dividend and to transfer the loss to retained earnings account.

### **13- RISK MANAGEMENT AND INTERNAL AUDIT MECHANISM**

In order to ensure effective conduct of risk management, Risk Management Division has been put into operation as of 2002. This division developed processes and implemented projects for effective risk management applicable within the Company and Prysmian Cables and Systems Group. The purpose here is to effectively monitor the risks through daily reports in order to collect receivables in a timely manner.

The internal audit system of the Company is organized in such a way to provide appropriate clarification on all the Company’s activities and to ensure an adequate auditing system. The responsibility regarding internal auditing system lies with the Board of Directors, and the Board of Directors, besides providing the major guidelines of the system, undertakes verification of sufficiency and effectiveness of the audit system.

The Audit Committee comprises of two Board members. These two Directors hold office in the Board of Directors, and they are not directly engaged in Company’s activities and management. The Audit Committee meets regularly as indicated in the relevant communiqué of the Capital Market Board and the representative of the External Auditing Company may be invited to these meetings.

The aim of the Audit Committee is to provide assistance to the Board of Directors during fulfillment of long - term obligations as regards to accounting and finance reporting applications, policies and

procedures, as well as evaluation of quality and risk management of Company's internal auditing systems.

The internal auditing and periodical audit activities ensure accomplishment of necessary controls to observe whether compliance with the procedures, policies and strategies is achieved or not. Apart from the audit functions of the Internal Audit Division, the Internal Audit Department of Prysmian Cables and Systems Group performs internal auditing of Türk Prysmian Kablo ve Sistemleri A.Ş., in addition to the auditing services rendered regularly by the External Audit Company.

Furthermore there is also a Planning and Control Division which presents detailed monthly reports to the Managing Director and Executive Management and provides useful and comprehensive information for the following specific activities.

Information regarding to relations with the independent audit company, PwC Bağımsız Denetim Ve SMM A.Ş: <http://www.pwc.com/TR/tr>

and information regarding tax audit company, KPMG: <http://www.kpmg.com.tr>

### **Assessment related to Internal Audit, Internal Control and Risk Management Systems**

Prysmian Group active in cable industry has adopted adequate internal audit, internal control and risk management systems (internal systems) in line with its activities and business branches. Aiming to monitor and manage the risks arising from the activities of the company, both the local regulations and Prysmian Group requirements have been considered while establishing the internal systems. The internal systems meet the principles of independency, impartiality, effectiveness, adequacy, and division of powers in the entire organization. All our activities and business processes target customer satisfaction, sustainable income production and rising the economic interests of the shareholders with consideration of risk sensitive capital management. Prysmian Group Board of Directors is responsible for adopting and managing the internal systems in line with the applicable regulations, and financial control and audit activities within the scope of this responsibility shall be supervised via Committee responsible for the Audits. Audit Committee performs this function by detailed examination of the reports provided by the Audit Department which has been obliged to financially review, audit and report the efficiency of our processes; and instructs the company management accordingly and present any issue, as deemed necessary, to the information and approval of Board of Directors.

The Audit Committee functions under the structure and coordination of Board of Directors. Audit Directorate financially reviews efficiency of the entire business processes of the company, and tests the existence, effectiveness and practice levels of the respective audit mechanisms and determines

required actions, if any, together with operations units. It reports the results of its works and activities to the Audit Committee.

#### **14- EMPLOYEE BENEFITS**

As of September 30, 2024, the average number of employees working during the year is 587. (December 31, 2023: 589) The Company provides meal and travel allowance to all employees. In addition, office employees are provided with health insurance, personal accident insurance and life insurance in line with the company's benefit planning. In addition to these, flexible working practices, collective use of milk leave and its addition to maternity leave, protection of the position of female employees after the maternity leave period, scholarship programs for the education of employee children, global leadership development programs for managers and employees in the talent pool are also implemented. Benefits are provided for field employees in accordance with the collective bargaining agreement.

#### **Benefits to Top Level Management**

The rights of the BOD Members are agreed upon in the General Assembly meeting; no award is considered in determination of financial rights of the BOD Members depending on their individual performance and reflecting the performance of the Company.

Benefits provided to senior management during the term are as follows:

	<b>1 January - September 30, 2024</b>
Wages and other short-term benefits	11,989,461
Other	35,059
	<hr/> <b>12,024,519</b> <hr/>

#### **Collective Labor Agreements**

As per the collective labor agreement executed by United Metal Workers' Union (Birleşik Metal İş) and Turkish Employer's Association of Metal Industries (MESS) that our company is a member of, our Company is subject to Collective Labor Agreement for the period September 1, 2023 - August 31, 2025.

## **Benefits to the Board of Directors**

The rights provided to the Members of the Board of Directors are decided at the General Assembly and there is no rewarding that will be based on the performance of the Members of the Board of Directors in determining the financial rights of the Members of the Board of Directors and that will reflect the performance of the Company. In the second quarter of 2024, a total gross attendance fee of TL 675,500-TL was paid to the Independent Members of the Board of Directors. Apart from this, there are no payments accrued for 2024 and made to the members of the Board of Directors and other executive management. In addition, no loans or credits were granted to any Board Member or Senior Executive of the Company during the period, no benefits were provided under the name of credit through a third party, and no guarantees such as sureties were given in their favor.

## **15- LAWSUITS FILED AGAINST THE COMPANY THAT MAY AFFECT COMPANY'S FINANCIAL STATUS:**

Provision for litigation risks set aside against any possible risk is TRY 4.922.641,96 as shown under footnotes of financial statements, yet there is no major litigation that may affect the financial status of our Company.

## **16- ADMINISTRATIVE OR CRIMINAL SANCTIONS IMPOSED AGAINST THE COMPANY AND MEMBERS OF THE COMPANY'S MANAGING BODIES DUE TO ANY CONDUCT IN VIOLATION OF THE LAW:**

There is no sanction existing as of 1 January – 30 September 2024 imposed against the company and members of the company's managing bodies due to any conduct in violation of the Law.

## **17- DERIVATIVE TRANSACTIONS**

The Company uses foreign currency derivative tools in order to protect future significant transactions and cash flows against financial risks. The Company is a party to certain foreign currency forward contracts based on management of fluctuations in foreign currency exchange rates. Purchased derivative financial instruments are mainly of kinds of foreign currency available in the market where the Company operates. All forward exchange transactions are made in the form of forward contracts.

## **18- INVESTMENT INCENTIVE PRACTICES**

As per the Law no. 5746 on Supporting research and Development Activities, we receive incentives

and support granted for R&D Centers.

The Company granted an investment incentive for "production of insulated wires and cables" on October 10, 2022 within the scope of Reduced Corporate Tax. The incentives granted is classified under Zone 1 according to tax incentive legislation and provides tax incentive of 30%. In the Company's statement of financial position, a reduction is made in the corporate tax for the current period according to the amount of investment spending.

## **19- MISCELLANEOUS**

Transactions with related parties during the reporting period are explained in detail in the footnote of the financial statement published on Public disclosure Platform on 22.02.2024. These transactions are also disclosed on our website.

In addition;

Pursuant to the Turkish Commercial Code No. 6102 and Capital Markets legislation about related parties;

- In all transactions of our Company with related parties in 2023, group transfer pricing directives in accordance with the Transfer Pricing rules, regardless of country or company, the acquisition was made by providing an arm's length counter acquisition and is reasonable within the framework of commercial practices is determined;
- As a result of the examinations and evaluations made, the known situation regarding the Related Party Transactions and according to the conditions; in 2023, the controlling and affiliated companies specified in Article 199 of the TCC and our Company Türk Prysmian Kablo ve Sistemleri A.Ş., an appropriate counter-performance has been provided in each legal transaction, and the received or there was no measure that was avoided or the Company suffered a loss as a result of taking or not taking any measure has not suffered.

Since no loss has been incurred, there is no need to make any loss equalization.

### **Interim Activity Report Legal Basis :**

Annual activity Report for the Fiscal Period 01.01.2024-30.09.2024 was issued based on the clause three of Article 516, and Article 518 of the Turkish Commercial Code, in accordance with the provisions of the "Regulation on Minimum Content of the Annual Activity Reports" published by the Ministry of Customs and Trade and "Communiqué on Principles of Financial Reporting in Capital

Markets” published by the Capital Market Board.

**Interim Report Preparation Principles:**

The annual report accurately, completely, truthfully and honestly reflects the flow of the company's business and transactions for the relevant accounting period, and its financial status in all aspects, in a manner to protect the rights and interests of the company. The annual report does not contain any misleading, exaggerated, false or inaccurate statements. Care has been taken to prepare the annual report in detail to ensure that shareholders have full and accurate access to all kinds of information about the Company's activities.

**Interim Activity Report Approval:**

The Annual Activity Report of the Group for the fiscal period 01.01.2024-30.09.2024 was approved by the members of the Board of Directors of the Company on 07.11.2024.