

**SERİ: II, NO 14.1 SAYILI TEBLİĞE İSTİNADEN HAZIRLANMIŞ
TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.
VE BAĞLI ORTAKLIKLARI**

1 JANUARY – 30 SEPTEMBER 2023

BOARD OF DIRECTORS

INTERIM PERIOD ACTIVITY REPORT

24.10.2023

1- GENERAL INFORMATION

Türk Prysmian Kablo ve Sistemleri A.Ş. is the Turkish operation of Prysmian Group, worldwide leading company in energy and telecommunication cables' industry with its approximately 31.000 employees and 108 factories in 50 countries following the merge realized globally with GeneralCable.

The company stands out in Prysmian Group 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 71% in 2022, and it continues to be a privileged export center within the Prysmian Group, exporting approximately 18% of its 7.186.815.354 TRY turnover in 2022. 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 Group 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 01.01.2023-30.09.2023.

Company Trade Registry Number and Contact Info

Headquarter address: Ömerbey Mah. Bursa Asfaltı Cad. No:51 Mudanya / BURSA

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

Branch Address: Ömer Avni Mahallesi İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu/İSTANBUL

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

Trade Registry No: M0153/Bursa Merkez

Mersis No: 086005137400023

Web site: www.prysmiangroup.com.tr

The Company's subsidiaries are detailed below:

Subsidiaries	Activity	Core activity
Türk Prysmian-Prysmian Powerlink DB.KAB.19 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.

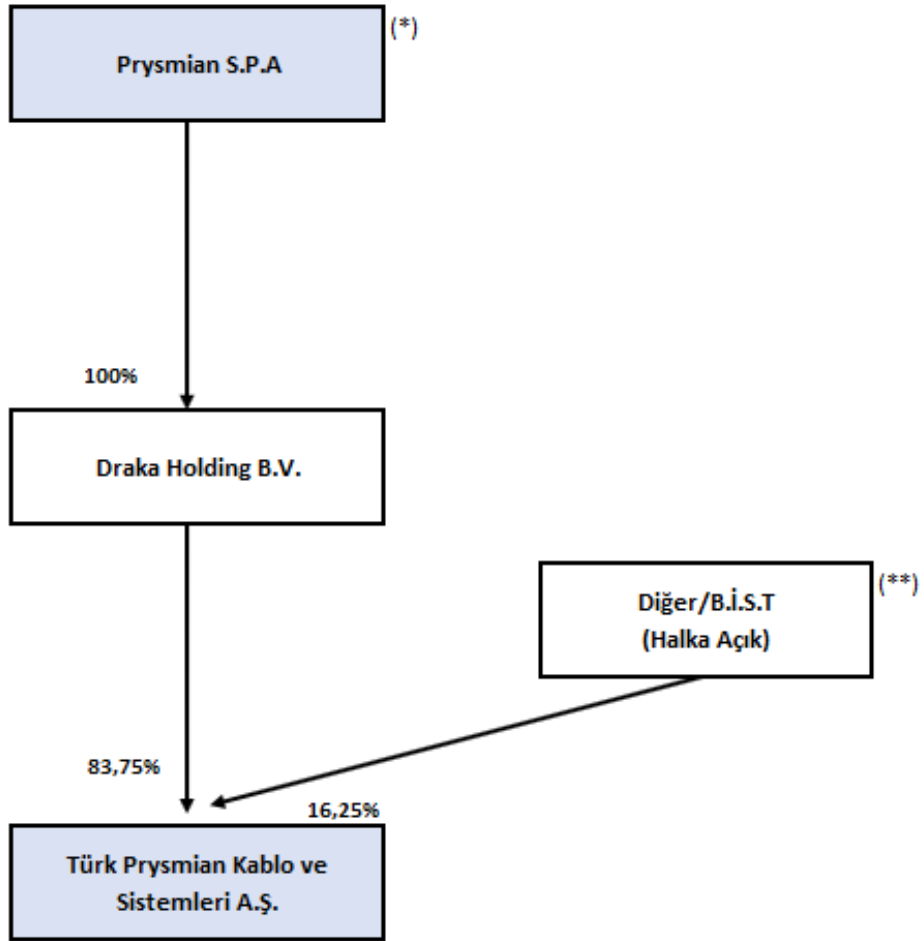
Our vision is, while keeping inside alive the workforce which will help us to exhibit a creative and superior performance with our outstanding and innovative role, having an organizational structure that gives importance to openness and social responsibility, carrying on long term partnerships by providing customer satisfaction continuously, creating constant value for our shareholders and dedicating ourselves to improve the community's conditions, to be the industry leader in Turkey 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 30.06.2023 is as follows:

Shareholders	%	TRY
Draka Holding B.V.	83.75	181,506,654
Other*:	16.25	35,226,998
Authorized capital	100.00	216,733,652

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



Final Shareholder Structure as of 30.09.2023

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

Members of the Board of Directors as of 30.09.2023 are as follows:

<u>Board of Directors</u>	Chairman	Halil İbrahim KONGUR
	Vice Chairman	Ülkü ÖZCAN
	Board Member	Rinke KIEBOOM
	Board Member	Maria Cristina BIFULCO
	Board Member	Giacomo SOFIA
	Independent Board Member	Mine AYHAN
	Independent Board Member	Banu UZGUR
	Independent Board Member	İsmet SU

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

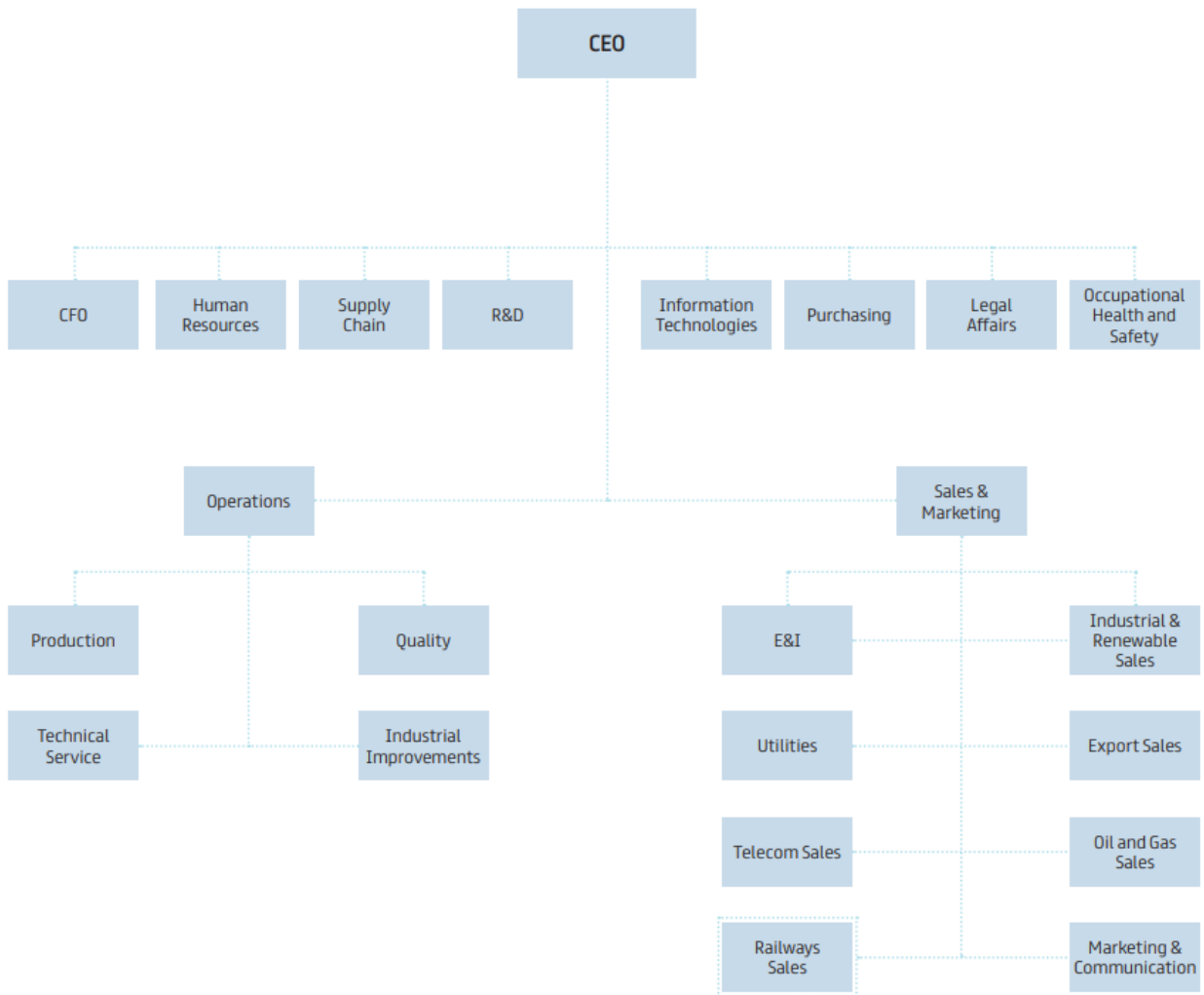
<u>Audit Committee</u>	Chairman	İsmet SU
	Committee Member	Banu UZGUR
	Committee Member	Mine AYHAN

<u>Early Detection of Risk and Risk Management Committee</u>	Chairman	Mine AYHAN
	Committee Member	Banu UZGUR
	Committee Member	İsmet SU

<u>Corporate Governance Committee</u>	Chairman	Banu UZGUR
	Committee Member	Mine AYHAN
	Committee Member	Budak GÜLLÜDAĞ*

* Corporate Governance Committee member Budak Güllüdağ is not included in this list as she resigned from this position as of 01.09.2023

Organizational Structure



5- TOP LEVEL MANAGEMENT AND COMPANY MANAGEMENT

Halil İbrahim Kongur	Board Chairman & Factory Director
Ülkü Özcan	Board Vice Chairman & General Director
Rinke Kieboom	Board Member
Maria Cristina Bifulco	Board Member
Giacomo Sofia	Board Member
Mine Ayhan	Independent Board Member
Banu Uzgur	Independent Board Member
İsmet Su	Independent Board Member
Mirko Beretta	Financial Affairs Director
İbrahim Etem Bakaç	Domestic Sales Director
İ. Bertan Bilgin	Factory Direktor
Ufuk Çolak	Oil & Gas Sales Director
Francesco Caputo	Human Resources Director
Berk Yengin	Utilities and Contracting Sales Director
Gamze Keçeci	Purchasing Director
Mert Erden	Industrial and Renewables Director
Tamer Yavuztürk	Marketing and Business Intelligence Director
Cansu Yitmen	Legal Affairs Director
İdris Çolakgil	Information Technologies Director
Halil Erbi	Accounting Manager
Erdinç Yüksel	R&D Director
Nedim Yıldız	Quality Manager
Pınar Taşçı	Telecom Sales Director

6- SECTORAL EVALUATION AND INFORMATION ON COMPANY ACTIVITIES

Despite geopolitical risks, high inflation and energy crisis in 2022, the Turkish economy has shown that it has a growth potential above expectations by recording 5.5% growth. Although the construction sector contracted by 7.1% in the same period, technological developments, efforts to transition to renewable energy, the need for smart data transmission systems, the increasing trend towards the expansion of the network network and the need for higher broadband supported the demand for cables.

At the beginning of 2023, our country was shaken by a great disaster. The earthquakes caused great destruction in 11 provinces, caused the death of more than 50 thousand people and damaged more than half a million buildings. Turkey, which recorded 3.8% growth in the second quarter after the disaster, fell behind the 7.6% growth in the second quarter of the previous year. The construction sector grew by 6.2% in the same period and recovered compared to the 9.9% contraction in the same period of the previous year.

While Türkiye was trying to heal the wounds of the great disaster, general elections were held in the second quarter and the cabinet was changed. The primary goals of the new cabinet are to support the earthquake region economically and socially and to reduce inflation. In this direction, the new Medium Term Program was announced and a new road map in the economy was adopted. According to the new program, the economy, which is expected to grow by 4.4% in 2023, is aimed to grow by 4.0% in 2024, and the year-end consumer inflation, which is predicted to be 65.0% in 2023, is aimed to decrease to 33.0% in 2024. Demand in the economy generally tends to decrease due to the increase in interest rates and ongoing foreign exchange pressure as a result of the tight monetary policy followed by the Central Bank of the Republic of Turkey in line with the inflation target.

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.

Due to the difficulties experienced in the Turkish economy and therefore in the construction sector, many of the Turkish cable manufacturers have turned to export markets, and thus the 2022 figure of the Turkish cable industry is 3.3 billion USD, increasing by 14.2% compared to the same period of the previous year. However, due to Russia-Ukraine tension, global recession concerns and regional instabilities, cable exports seem to decrease by 3.6% compared to the previous year, with 2.3 billion USD in the first 9 months of 2023.

As developing countries experience more difficulties in the fight against inflation than developed countries, the Turkish cable industry, like all other sectors, has been seriously affected. In the new conjuncture, competition

has become more challenging and the conditions of competition have begun to be determined by speed, agility, innovation and digitalization skills. In order to stabilize the supply chain in this difficult process, companies that can make quick decisions, take quick action, adapt to conditions quickly and especially attach importance to digitalization have been less affected by the process.

Despite the recession in the world and in Turkey, the use of renewable energy resources in Turkey continues to increase day by day and therefore Turkey has become one of the important actors in the region in terms of energy, which also positively supports the development of the cable industry. 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.

Features 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 that do not have these features. 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 Turkey.

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. We have developed new CPR series under control, instrumentation and power cable groups to meet this demand, and the certification processes have been completed and thus we managed to access new import markets.

Studies on developing PVC material development as an alternative to low smoke, halogen-free LSOH material solutions have been completed to meet the demands of customers in diverse markets. Research and product development activities carried out to export our cables to broad markets such as United States, Europe, Asia and Australia, yielded launch of new product groups. Collaboration is made with R&D implementing common projects in optical fiber solutions and we continue our efforts to develop innovative products.

Carbon footprint calculations were performed as part of sustainability studies, contributing to the development of the first sustainability report in the sector. LCA activities were carried out to evaluate environmental impact of our factory. By investing in energy-efficient machines, total energy consumption has been reduced.

Through its Mudanya R&D Center, Türk Prysmian Kablo invests in technology and innovation, promoting technological innovations and products with superior performance to users with the objective of improving competitive power of our country. In line with this vision, since 2016 the company has been carrying out activities in the first R&D Center of the cable sector certified by R.T. Ministry of Science, Industry and Technology. In addition to innovation and product development efforts, Türk Prysmian Kablo has completed 7 Tübitak Projects as of the end of 2021 and attended an internal seminar as a speaker. Close alliances established with universities are in progress. Our R&D staff continue their post graduate and doctorate education. Ten projects are currently underway as of 2023. One employee who is pursuing a doctoral degree made a seminar presentation in 2022.

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.

At the R&D Centre of Türk Prysmian Kablo, we will continue our efforts in the period ahead to take the Turkish Cable Industry a step further each day in line with our mission "Linking Turkey to the Future".

7- ECONOMIC EXPECTATIONS

2023 – 3rd Quarter Realization

Consumer Price Index (CPI) increased by 4.75% on a monthly basis in September 2023, by 49.86% compared to December of the previous year, and by 61.53% compared to the same month of the previous year.

According to TUIK data, the main group that showed the least increase compared to the same month of the previous year was housing with 20.16%. On the other hand, the main group with the highest increase compared to the same month of the previous year was restaurants and hotels with 92.48%. The unemployment rate in Turkey decreased to 9.2 percent in August, with a decrease of 0.2 points compared to the previous month. . This rate was recorded as the lowest unemployment rate since January 2014.

The consumer confidence index, calculated from the results of the consumer trend survey conducted in cooperation with the Turkish Statistical Institute and the Central Bank of the Republic of Turkey, increased by 5.1% in September, reaching 71.5, while it was 68.0 in August. Consumer confidence index was 85.1 points as of the 2nd quarter. Gross

Domestic Product (GDP) grew by 3.8% in the second quarter of 2023. This rate increased by 4.0% after the first quarter closed.

At the Central Bank meeting dated September 21, 2023, the Monetary Policy Committee decided to increase the policy rate, one-week repo auction interest rate, from 25 percent to 30 percent.

It was stated that the Board decided to continue the monetary tightening process in order to establish disinflation as soon as possible, anchor inflation expectations and control the deterioration in pricing behavior. It was observed that the increase in the Central Bank reserves continued in the 3rd Quarter. The net international foreign exchange reserves of the Central Bank of the Republic of Turkey (CBRT) increased to 24 billion dollars as of September 22. Gross reserves were 125.5 billion dollars in the same period. Of this, \$41.7 billion was gold reserves and \$83.8 billion was foreign exchange reserves.

While the banking sector's annual loan growth (adjusted for exchange rate effect) remained at 33.8%, the loan growth of private banks was 25% and the loan growth of public banks was 44%. It is stated that the slowdown

in loan growth will continue in the coming period due to the restrictions imposed on loan growth by the Central Bank.

In the USA, annual CPI inflation data was slightly above expectations with a monthly rate of 0.4% and annual inflation of 3.7% in September. Core CPI increased by 4.1% on an annual basis in September, in line with expectations. It was observed that US inflation, which tested the lowest level of the year with 3% in the 2nd quarter, entered a slight upward trend as of the 3rd quarter. In parallel with this, the majority of Fed members agreed this year Another increase is predicted for the US Federal Reserve in September, keeping the policy rate unchanged in line with expectations and keeping it constant between 5.25-5.50 percent. Currently, the Fed's forecast for the interest rate for 2024 has increased from 4.6 percent to 5.1 percent. It was increased from 3.4 percent to 3.9 percent for 2025.

Although the Euro Zone increased by 0.3% in August compared to the previous month, annual inflation, which was 5.2%, decreased to 4.3% in September. The final data confirmed the previously published preliminary data, marking a 6th consecutive month of decline in annual inflation.

The core inflation rate of the Eurozone, calculated by excluding food and energy, decreased from 5.3 percent in August to 4.5 percent in September. Energy prices fell by 4.6 percent in September compared to the same period last year. It is noteworthy that although inflation in the Eurozone has decreased, it is still well above the European Central Bank (ECB) target. The bank management had repeatedly emphasized in its previous meetings that it would decide to increase interest rates further if necessary. The data flow in the coming period is expected to see whether the significant weakening of inflation in the region with the latest data will persuade the ECB to keep interest rates constant and end a long cycle of interest hikes.

Expectations-Predictions

In the CBRT's September Market Participant Survey, the 2023 year-end inflation expectation was 67.22%. While the 12-month CPI expectation was 42.01% in the previous survey period, it was realized as 44.94% in this survey period, while the median expectation of the participants for the current year-end exchange rate (US Dollar / TL) was 30.14 TL. On the GDP side, the growth expectation for 2023 was predicted to be 3.9%.

The IMF revised its prediction that Turkey would be the 19th largest economy in 2023 to 17th and predicted that this rank would not change in the following 5 years. While the national income figures predicted by the IMF for Turkey in the 2023-2028 period are above the economic management's targets in the MTP for the 2024-2026 period. According to the latest updated data set of the IMF's World Economic Outlook data set as of the end of the 3rd quarter, Turkey, which is the 19th largest economy with a gross domestic product (GDP) of 905.8 billion dollars in 2022, will reach 1 trillion 154 billion dollars in 2023. While it is estimated that Turkey will rank 17th among the 20 largest economies with a GDP of .6 billion dollars, it is predicted that Turkey will rank in the same rank in the following five years.

The Medium Term Program covering the years 2024-2026 was published on September 6. According to the projections in the program, the 2023 growth forecast was announced as 4.4% and the 2024 growth forecast was announced as 4%. According to the MTP, inflation is expected to be 65% at the end of 2023 and 33% at the end of 2024.

Considering the high current account deficit and low net foreign exchange reserves in the last quarter of the year, it is observed that the risks will continue to be high. However, since the tightening of global liquidity brings with it the risk of causing a contraction in the real sector, the steps of the US and the European Central Bank will continue to be monitored in the coming period.

The Foreign Trade Expectation Survey for the last quarter of 2023 was also announced. Accordingly, according to the results of the Foreign Trade Expectation Survey applied between September 2023, the Export Expectation Index for the 4th quarter of 2023 increased by 4.5 points compared to the previous quarter and became 114.

According to the OECD World economic outlook report, headline inflation continued to fall in many countries in the first half of 2023 due to the decline in food and energy prices. But core inflation (inflation that excludes energy and food, the most volatile components) has not slowed significantly. It is well above the targets of central banks. A key risk is that inflation will continue to be more persistent than expected; This may mean that interest rates need to be tightened further or remain high for longer.

The world economy is expected to grow by 3.0% in 2023 and slow down to 2.7% in 2024. It was shared that a significant share of global growth in 2023-24 is expected to continue to come from Asia, despite a weaker-than-expected recovery in 2023.

Finally, while most OECD countries have set ambitious climate targets, current policies are likely insufficient to put greenhouse gas emissions on a downward path before 2030, making it difficult to achieve the target of net zero emissions by mid-century.

8- SUMMARIZED ACTIVITY RESULTS

CONDENSED BALANCE SHEET

	Independent Audit Completed 30 September 2023	Independent Audit Completed 31 December 2022
Current assets	5,258,981,980	3,364,115,471
Non-current assets	518,477,594	479,878,058
Total assets	5,777,459,574	3,843,993,529
Short-term liabilities	5,068,546,609	3,190,560,086
Long-term liabilities	28,015,004	48,606,860
Equities	680,897,961	604,826,583
Total Liabilities	5,777,459,574	3,843,993,529

CONDENSED INCOME STATEMENT

	1 January- 30 September 2023	1 January- 30 September 2022
Revenue	7,332,730,265	5.382.353.036
Costs of sales (-)	(6,365,915,504)	(4.806.680.234)
Gross profit	966,814,761	575.672.802
Operating Costs	(640,805,443)	(351.173.439)
Operating profit	326,009,318	224.499.363
Operating profit before financing income/(expense)	326,009,318	224.499.365
Financing income/(expense)	1,045,545	-
Profit before tax	(165,229,686)	(54.704.060)
Tax income/(expense)	161,825,177	169.795.303
Period Profit / (Loss)	(69,210,246)	(22.987.669)
Net Period Profit / (Loss)	92,614,931	146.807.634

Net period profit of the company for the operating cycle January 1 – September 30, 2023 is TRY92,614,931.

9- FINANCIAL SOURCES OF THE COMPANY

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

Basic Ratios

	<u>31 September 2023</u>	<u>31 December 2022</u>
Current Ratio (Current Assets/Short-term liabilities)	1,04	1.05
Total Liabilities/Total Assets	0,88	0.84
Total Liabilities/Equity	7,49	5.36

	<u>1 January- 30 September 2023</u>	<u>1 January- 30 September 2022</u>
Gross Profit/Net Sales	13,18%	10.70%
Operating Profit/Net Sales	4,45%	4.17%

10- Expectations For The Next Quarter

When we evaluate the macroeconomic environment in Turkey, we see 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.

Besides the ; The Central Bank is still cautious about fiscal policy, and the rise in high exchange rates and interest rates causes financial costs to increase.

We expect revenue to increase by 60 - 75% in 4Q 2023. We predict that the EBITDA margin will remain at 5 - 6%.

11- Dividend Policy and Profit Distribution Time

There is no privilege as regards to participation in the company's profit and Profit Distribution Policy as determined in the Ordinary General Assembly meeting dated March 29, 2023 is indicated below;

Company passes its resolution to distribute dividend in the direction of Company's long-term financial state including its investment and financial needs and market projections, pursuant to the provisions of the Turkish Commercial Code, Capital Market Law, Tax Law and related legislation, and provisions of Articles of Association relating to profit distribution. The dividend policy of the Company is based on consistently balancing the interests of the shareholders and the Company.

The General Assembly shall determine the dividend to be distributed, form and time of distribution upon relevant proposal drawn up by the Board of Directors in accordance with the Capital Market Law. Dividend shall be distributed equally to all of the shares existing as of the date of distribution, regardless of their dates of issuance and acquisition.

No real person is entitled to receive privileged share from the Company's distributable profit.

12- CORPORATE GOVERNANCE COMPLIANCE REPORT

Having more than 56 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) 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%).

Borsa İstanbul Corporate Governance Rating		
Main Sections	Weighted	Rating (%)
Shareholders	25%	95.91%
Public Disclosure And Transparency	25%	98.41%
Stakeholders	15%	98.13%
Board of Directors	35%	91.93%
Total	100%	95.48%

In 2022, 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 (95.48%) with 0,03 increase, 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 95.24. You can view the full Corporate Governance Report in our web site (www.prysmiangroup.com.tr) under the category of "Investor Relations" and "Corporate Governance" tab.

In the operating cycle ending as of December 31, 2022, 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.

13- CAPITAL INCREASE, AMENDMENT OF ARTICLES OF ASSOCIATION AND DIVIDEND DISTRIBUTIONS MADE WITHIN THE PERIOD

Articles of Association of our Company have been amended on 30.03.2023 in the activity period 01.01.2023-30.09.2023 and announced on the Public Disclosure Platform.

<https://www.kap.org.tr/tr/Bildirim/1138475>

Please see the final version of the Articles of Association on www.prysmiangroup.com.tr, www.kap.gov.tr.

Dividend Distribution accepted of the Board of Directors for the fiscal year 2022

Dividend Distribution Proposal

In consideration of the provisions of Turkish Commercial Code, Capital Market Legislation, Capital Market Law, Capital Market Board ("CMB"), Regulations/Decisions/Directories, Corporate Tax Law, Income Tax Law, Tax Procedural Law and other relevant legal statutes, the relevant provisions of the Articles of Association of our Company and publicly disclosed "Profit Distribution Policy"; it has been unanimously resolved by the undersigned members;

To distribute the dividend of 16,543,553.-TRY which is also equal to 7,63 % of the issued capital of the Company, to our shareholders in cash, as of 25 May 2023; thus distributing net 0,068698135.-TRY per share with a nominal value of TRY 1.-, following of deduction of 10% tax to be calculated over gross 0,076331261.-TRY and to retain all the outstanding balance as the "Extra-Ordinary Reserve";

To submit above dividend distribution proposal to the approval of the General Assembly regarding the fiscal year 2022 and notify the shareholders.

14- 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 three Board members. These three 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, MAZARS-DENGE:

<http://www.mazarsdenge.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.

15- EMPLOYEE BENEFITS

June 30, 2023 the Group employs on average 593 personnel in a year (December 31, 2021: 598). The Company offers transportation and food allowances to all employees. Moreover white collar workers receive health insurance.

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:

	1 January- 30 September 2023	1 January- 30 September 2022
Wages and other short term benefits	6.408.372,41	13,706,913
Other long-term benefits	68.252,00	50,370
	6.476.624,41	13,757,283

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, 2021 - August 31, 2023.

Negotiations for the Group Collective Labor Agreement for the new period have started between MESS (Turkish Metal Union), to which our company is affiliated, and United Metal Workers' Union, and it has been published on KAP.

<https://www.kap.org.tr/en/Bildirim/1198052>

Benefits to the Board of Directors

The rights granted to the Members of the Board of Directors are decided at the General Assembly, and only the Independent Members of the Board of Directors are paid. In determining the financial rights of the Members of the Board of Directors, there is no award based on the performance of the Members of the Board of Directors and reflecting the performance of the Company. In addition, no loan was given to any Member of the Board of Directors and the Company's Top Manager during the period, no loans were made, no benefit was provided under the name of credit through a third party, and no guarantees such as surety were given to them.

16- LAWSUITS FILED AGAINST THE COMPANY THAT MAY AFFECT COMPANY'S FINANCIAL STATUS:

Provision for litigation risks set aside against any possible risk is TRY 2,331,254 as shown under footnotes of financial statements, yet there is no major litigation that may affect the financial status of our Company.

17- 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 2023 imposed against the company and members of the company's managing bodies due to any conduct in violation of the Law.

18- 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.

19- 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.

We were 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.

20- 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 26.07.2023. These transactions are also disclosed on our website.

The upper limit for donations to be made in the year 2023 is determined as TRY 1,000,000 in the Ordinary General Assembly meeting held on 29.03.2023.

Annual Activity Report Legal Basis:

Annual activity Report for the Fiscal Period 01.01.2023-30.09.2023 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.

Annual Activity Report Approval:

The Annual Activity Report of the Group for the fiscal period 01.01.2023-30.09.2023 was approved by the members of the Board of Directors of the Company on 24.10.2023.