

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

**1 JANUARY – 31 MARCH 2023**

**BOARD OF DIRECTORS**

**INTERIM PERIOD ACTIVITY REPORT**

**26.04.2023**

## 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 01.01.2023-31.03.2023.

**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](http://www.prysmiangroup.com.tr)

The Company's subsidiaries are detailed below:

<b>Subsidiaries</b>	<b>Activity</b>	<b>Core activity</b>
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.

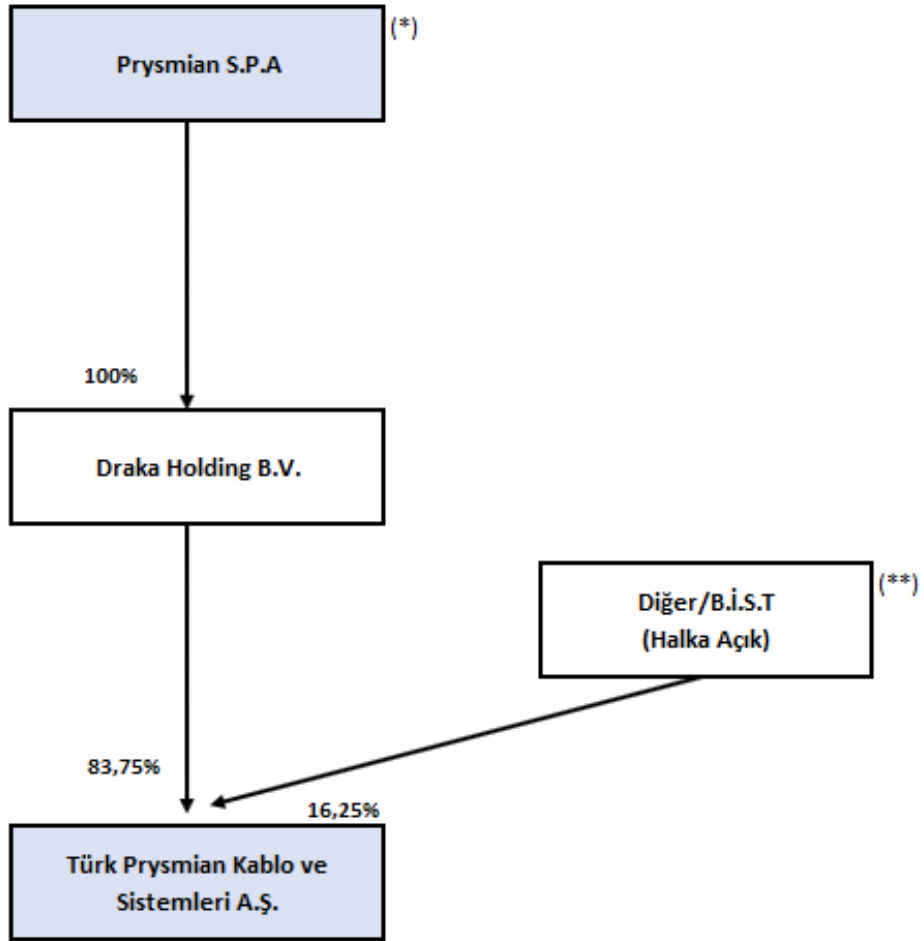
Our vision is, while keeping inside alive the workforce which will help us to exhibit a creative and superior performance with our outstanding and innovative role, having an organizational structure that gives importance to openness and social responsibility, carrying on long term partnerships by providing 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 31.03.2023 is as follows:

Shareholders	%	TRY
Draka Holding B.V.	83.75	181,506,654
Other*:	16.25	35,226,998
<b>Authorized 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 31.03.2023

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

Members of the Board of Directors as of 31.03.2023 are as follows:

<b><u>Board of Directors</u></b>	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

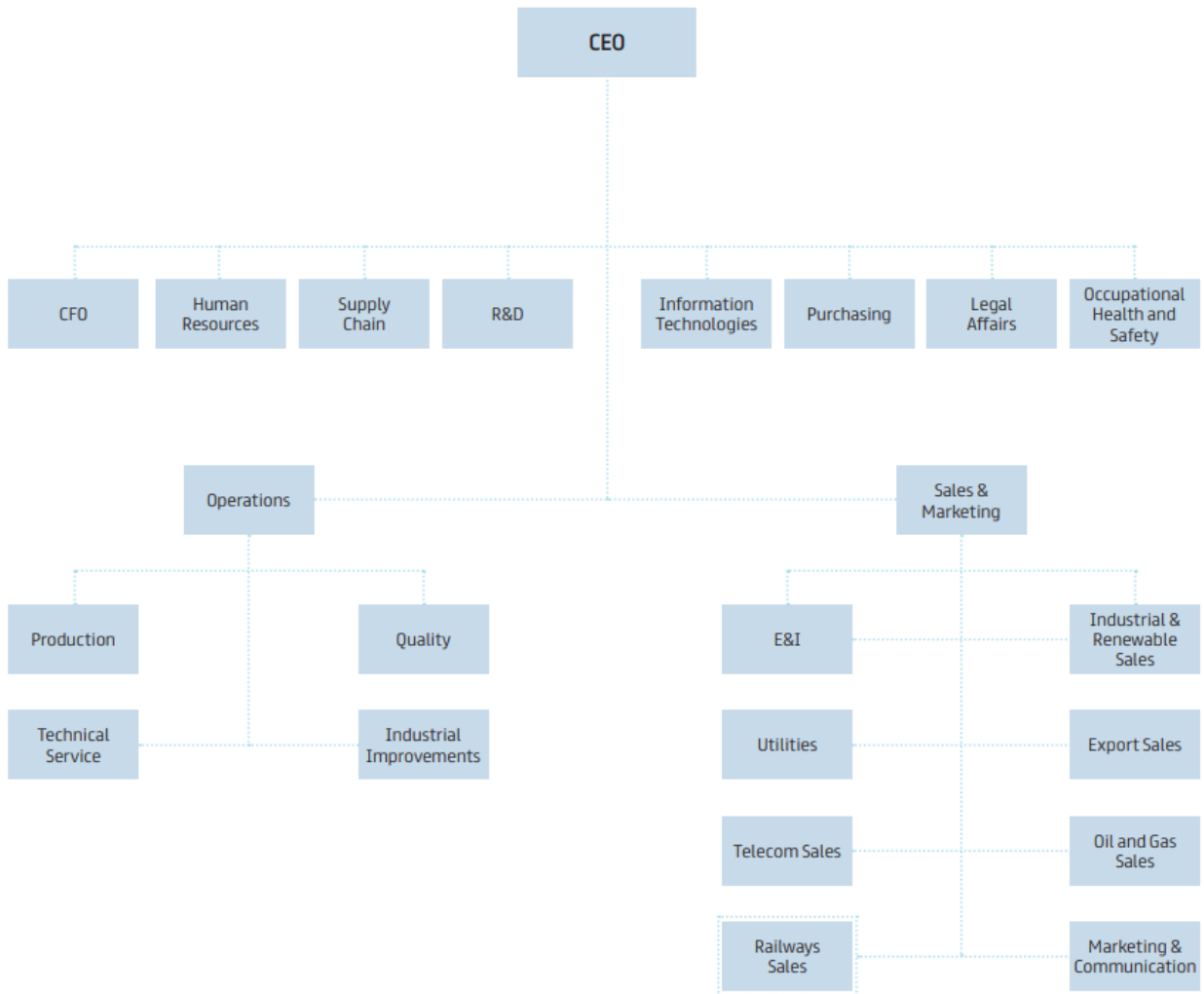
Committees formed as per the provisions of Communiqué on Corporate Governance (Serial: II, No: 17.1) published by Capital Market Board are stated below.

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

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

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

## Organizational Structure



## 5- TOP LEVEL MANAGEMENT AND COMPANY MANAGEMENT

<b>Halil İbrahim Kongur</b>	Board Chairman & Factory Director
<b>Ülkü Özcan</b>	Board Vice Chairman & General Director
<b>Rinke Kieboom</b>	Board Member
<b>Maria Cristina Bifulco</b>	Board Member
<b>Giacomo Sofia</b>	Board Member
<b>Mine Ayhan</b>	Independent Board Member
<b>Banu Uzgur</b>	Independent Board Member
<b>İsmet Su</b>	Independent Board Member
<b>Mirko Beretta</b>	Financial Affairs Director
<b>İbrahim Etem Bakaç</b>	Domestic Sales Director
<b>İ. Bertan Bilgin</b>	Factory Direktor
<b>Ufuk Çolak</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>Murat Tezcan</b>	Export Sales Director
<b>Cansu Yitmen</b>	Legal Affairs Director
<b>İdris Çolakgil</b>	Information Technologies Director
<b>Halil Erbi</b>	Accounting Manager
<b>Erdoğan Yüksel</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**

The Turkish economy grew by 5.6% in 2022 despite geopolitical uncertainties, high inflation, and the energy crisis, indicating greater growth potential than expected. While the construction sector contracted in the same period, technological advancements, studies for the transition to renewable energy, the need for smart data transmission systems, the trend toward expanding the network, and the growing need for higher broadband have led to a rise in cable demand.

Our country was shaken by a major disaster during the first quarter of 2023. We lost more than 50 thousand people and more than half a million buildings due to the earthquakes that struck 11 provinces. Amidst the healing process following this great catastrophe, Turkey is also preparing for the upcoming elections. There is a lot of uncertainty surrounding the economy due to the consequences of the disaster, as well as the May 14 elections.

Besides the uncertainty of the election process, fluctuating raw material, energy, and logistics costs put serious pressure on the cable industry, which is heavily dependent on imports for raw materials. Since the main raw materials used in cable production like metals such as copper, aluminum, and polymers such as PVC and polyethylene, are traded on a foreign currency basis, manufacturers have to re-price products every time exchange rates change, and consequently, the contractors, distributors, project companies, and end users have to keep updating their budgets constantly. Because of the fluctuating exchange rates, the sector suffers negatively since a large part of the costs are incurred in foreign currency, whereas sales are made in Turkish Lira and mostly in the form of forward sales.

Most cable producers in Turkey turned towards the export market due to difficulties experienced in the Turkish economy and accordingly, the Turkish cable industry generated 3.3 billion USD in 2022, showing an increase of 14.2% over the previous year.

As emerging economies had to face an uphill battle in dealing with inflation compared to developed countries, the Turkish cable sector was substantially affected like all other sectors. Competition became fiercer with this new conjecture, and speed, agility, innovation, and digitalization have become the key factors determining competitive conditions. Businesses that can make decisions quickly, are capable of stabilizing the supply chain quickly, adjust to changing conditions quickly and value digitalization are less affected by these difficult times.

Despite global and domestic stagnancy, the use of renewable energy resources steadily increased in Turkey, making Turkey an important player in the region in energy, and ultimately supporting the development of the cable industry positively. Companies that invest in eco-friendly new products and systems, feel responsible for the universe, focus on renewable energy projects for the benefit of both the world and the industry, maintain a



sustainable standpoint, and place sustainability at the core of all their activities will be less affected and serve the sector for a longer period.

In cable designs, criteria such as ensuring human safety and property security, improving fire resistance, and facilitating faster data transmission with a reduced footprint are becoming increasingly important. Our country's leading cable manufacturers, manufacturers' associations, and relevant departments have launched a comprehensive campaign to put an end to cables that do not meet these standards. To live in a safer and much more efficient world, awareness efforts have been started and are in progress to ensure that high-performance and cost-effective solutions are preferred, sector-wide awareness is raised on the use of proper cables, market supervision, and inspection activities are carried out to guarantee normative compliance of the cables used in the market, and to raise awareness on non-conformity of certain cables available on the market 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, both it is an R&D center approved by the Turkish Ministry of Industry and Technology and one of the 26 centers of Prysmian Group R&D family that plays a leading role internationally in cable production and material technologies. Owing to its comprehensive infrastructure and operations, Mudanya R&D Centre is also the pioneer of the Turkish Cable Industry.

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 Türkiye 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. 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 LZSH 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 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.

We calculated our carbon footprint within the scope of sustainability studies. LCA activities were carried out to evaluate environmental impact of our factory.

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 continues their post graduate and doctorate education.

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 - fibreoptic 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 Türkiye to the Future”.

## **Economic Expectations**

### **2023 1st Quarter Result**

By the year 2022, the Turkish economy had grown by 5.6%, exceeding expectations. Meanwhile, while the GDP stood at around TL 15 trillion, while per capita income rose to USD 10,600.

At the last meeting of the Monetary Policy Committee in the first quarter, the CBRT kept its policy interest rate at 8.5%. Also noteworthy were the regulations issued by the CBRT during the period on the currency protected

time deposits. Accordingly, maturity flexibility was introduced within certain guidelines, while the upper interest ceiling was removed, with the policy interest rate as the interest base.

Consumer prices rose by 2.29 percent in March, while annual inflation declined by 4.67 points to 50.51 percent. Annual inflation declined in all major groups during this period . Prices in the energy group showed a moderate trend in line with exchange rates and commodity prices. Food prices rose more in this period than in previous decades, mainly as a result of increased demand for red meat and processed meat products. In addition to food prices, consumer prices showed strong fluctuations in housing rents, catering, education and tourism, in addition to food prices. The monthly increase in producer prices in March was significantly dampened by lower energy prices . The downward trend in energy prices contributed significantly to the fall in producer prices in March. Domestic producer prices rose slightly by 0.44% in March, and the annual rate of inflation fell by 14.16 points to 62.45%. According to seasonally adjusted core indicators, the rate of increase was the lowest since October 2021.

Industrial production in the country was clearly negatively affected by the earthquake disaster. The seasonally and calendar adjusted industrial production index fell by 6% on a monthly basis in February due to the damage caused by the earthquake, and production fell by 8.2% on an annual basis. The production of textiles, one of the most important industries in the earthquake region, fell by 11.9% on a monthly basis, while the production of clothing fell by 4.3% and the production of metal products by 13.8%. in March, the manufacturing index rose to 50.9. Considering that the index was 50.1 in February, the numerical increase shows the moderate recovery of the sector.

In March, a deficit of TL 47.2 bn was reported on the central government debt stock, which was declared at 27.8% of GDP in 2022. In the first quarter, the budget deficit reached TL 250 bn. Budget revenues declined as a result of tax exemptions granted due to natural disasters, such as earthquakes.

At the end of the first quarter came to a close, developments in the banking sector dominated global markets. In particular, some banks in the United States turned to long-term investments in anticipation of the pandemic and faced liquidity problems as a result of the rising inflationary environment. This led to increased risk factors and concerns that the crisis could spread to Europe. However the problem was mitigated by the central banks' statements that they would increase their cooperation in order to find a solution, if necessary .

In the US, the FED's decisions continued to drive the market. A weaker-than-expected rise in consumer spending supported the notion that the Federal Reserve would pause its interest rate hikes; but , other economic developments kept rate hike expectations high. While annual CPI inflation fell by 1 point to 5% in March due to the base effect, core CPI inflation rose to 5.6% in the same period for the first time in six months, raising concerns that inflation could persist for longer than expected.

However, Euro Area CPI inflation rose by 0.9% on a monthly basis in March, in line with expectations, and was 6.9% on an annual basis, according to the flash estimates. In addition, the 1.3% increase in core CPI is interpreted as an indication that the ECB will continue to raise interest rates in the near future.

Retail sales in the first quarter of the year were the lowest since April 2021 . In February, there was a decline in all categories of goods, particularly in electrical goods and furniture, which fell by 11 per cent. Housing sales were also down in the first quarter, falling 11.5%.

According to TURKSTAT, a record trade deficit of USD 14.2 billion was recorded in January, 38.4% higher than in January last year. The export/import cover ratio was reported at 57.6%. The current account deficit to GDP ratio was 5.4% in 2022. A current account deficit of USD 9.8 bn was recorded in January, significantly higher than in the same month last year. The record foreign trade deficit was largely due to high imports of energy and gold. Services totaled USD 3.2 bn in January, particularly in the transport and travel sectors, limiting the widening of the current account deficit.

### **2023 2nd Quarter Expectation**

The IMF lowered its forecast for global growth to 2.8% in its latest report. As stated in the report, it. According to the report, a prolonged period of rising policy rates will have a negative impact and increase vulnerabilities, particularly in the banking sector. Although the Agency lowered its 2023 growth forecast for Turkey from 3% to 2.7%, it raised its 2024 forecast by 0.6 points to 3.6%.

OPEC's intention to reduce daily oil production is likely to push up oil prices in the coming months. This could put more pressure on the balance of payments. In addition, the fall in global energy prices in March may threaten the sustainability of the improvement in the CPI and PPI. The moderate appreciation of the exchange rate towards the end of the period suggest that inflationary pressures will persist.

The budget balance will continue to be influenced by global energy prices, exchange rates, and economic activity in the coming months.

The international credit rating agencies published their assessments of the Turkish economy in March, with Fitch confirming Turkey's credit rating and outlook as "B" and "negative", and S&P maintaining its "B" rating but downgrading the outlook from "stable" to "negative".

Although the manufacturing sector remains under pressure globally, growth in the services sector is providing positive support to economic activity.

Recent data also show that the rebound in March after the February disaster is promising, but still limited.

## 7- Summarized Activity Results

### CONDENSED BALANCE SHEET

	Independent Audit Completed 31 March 2023	Independent Audit Completed 31 December 2022
Current assets	3,868,590,631	3,364,115,471
Non-current assets	479,439,408	479,878,058
<b>Total assets</b>	<b>4,348,030,039</b>	<b>3,843,993,529</b>
Short-term liabilities	3,676,188,730	3,190,560,086
Long-term liabilities	28,334,780	48,606,860
Equities	643,506,529	604,826,583
<b>Total Liabilities</b>	<b>4,348,030,039</b>	<b>3,843,993,529</b>

### CONDENSED INCOME STATEMENT

	1 Ocak- 31 Mart 2023	1 Ocak- 31 Mart 2022
Revenue	2,105,663,078	1,483,979,743
Costs of sales (-)	(1,912,633,675)	(1,347,824,482)
<b>Gross profit</b>	<b>193,029,403</b>	<b>136,155,261</b>
Operating Costs	(145.860.946)	(127.445.616)
<b>Operating profit</b>	<b>47,168,457</b>	<b>8,709,645</b>
<b>Operating profit before financing income/(expense)</b>	<b>48,214,002</b>	<b>8,709,645</b>
<b>Financing income/(expense)</b>	<b>(12,886,623)</b>	<b>(4,658,563)</b>
<b>Profit before tax</b>	<b>35,327,379</b>	<b>4,051,082</b>
Tax income/(expense)	3,352,567	1,973,763
<b>Period Profit / (Loss)</b>	<b>38,679,946</b>	<b>6,024,845</b>

Net period profit of the company for the operating cycle January 1 – March 31, 2023 is TRY38,679,946.

## 8- FINANCIAL SOURCES OF THE COMPANY

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

### Basic Ratios

	<u>31 March 2023</u>	<u>31 December 2022</u>
Current Ratio (Current Assets/Short-term liabilities)	1.05	1.05
Total Liabilities/Total Assets	0.85	0.84
Total Liabilities/Equity	5.76	5.36

	<u>1 January- 31 March 2023</u>	<u>1 January- 31 March 2023</u>
Gross Profit/Net Sales	9,17%	9.18%
Operating Profit/Net Sales	2.24%	0.59%

## 9- Expectations For The Next Quarter

Macroeconomic environment is still vulnerable due to high real interest rates, rising inflation and depreciation of TRY against hard currencies. Inflation rate at 50.5% as of Mar'23 hints to a decline due to the base effect. The economic and social environment is exposed to ambiguity due to recent earthquake disaster, in the pre-election period.

We expect revenues to increase by 40–50% in 1Q 2023. We expect the EBITDA margin to be around 3,9-4,2%.

## 10- 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.*

## 11- 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](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%).

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](http://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.

## **12- 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 01.01.2023-31.12.2023 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](http://www.prysmiangroup.com.tr), [www.kap.gov.tr](http://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.



### **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, 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.

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

March 31, 2023 the Group employs on average 596 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:

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Wages and other short term benefits	4,332,325	1,698,803
Other long-term benefits	68,252	9,249
	<b>4,400,577</b>	<b>1,708,052</b>

#### **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.

### **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.

### **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 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.

### **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 - 31 March 2023 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.

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.

## **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 26.04.2023. 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 01.01.2023-31.03.2023 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 01.01.2023-31.03.2023 was approved by the members of the Board of Directors of the Company on 26.04.2023.