



**Çates Elektrik Üretim
Anonim Şirketi**

**A REPORT FROM THE AUDİT COMMITTEE
REGARDING THE USE OF FUNDS RECEIVED FROM THE
PUBLIC OFFERING**

**It has been prepared in accordance with Article 33 of the
Capital Markets Board's Equity Communiqué No. VII-
128.1.**

27 June 2024

1-PURPOSE OF THE REPORT

This report has been prepared in accordance with Article 33 of the Capital Markets Board's Equity Communiqué No. VII-128.1 and includes assessments on whether the funds obtained from the capital increase have been utilized as specified in the prospectus.

Publicly traded corporations are required to prepare a report within ten business days following the announcement of the first two financial statements, which include the results of the capital increase and which are disclosed to the public as of the commencement of trading of their shares on the stock exchange, and to publish the said report on the corporate website and PDP.

2-USE OF FUNDS FROM PUBLIC OFFERING

According to the Prospectus, the information about the places of use of the fund to be obtained from the public offering is given as follows:

"The Company plans to use the entire amount remaining after deducting the public offering costs from the funds to be obtained against the shares with a nominal value of TRY 24,795,000 to be issued for the repayment of debts within the scope of the Loan Agreement dated June 21, 2019, which constitutes the existing loan debts in order to reduce financial indebtedness."

A total of 33,050,000 shares with a nominal value of TRY 33,050,000, including 24,795,000 shares with a nominal value of TRY 1 each and 8,255,000 shares with a nominal value of TRY 1 each belonging to the current shareholder Parla Enerji Yatırımları A.Ş., were offered to the public at TRY 57.15. The net proceeds from the sale of 8,255,000 shares by Parla Enerji Yatırımları A.Ş., the shareholder who offered its shares to the public, less the public offering costs, are at the disposal of Parla Enerji Yatırımları A.Ş. As a result of the public offering, ÇATES obtained TRY 1,417,034,250 of funds from the issuance of 24,795,000 shares, of which TRY 79,750,000 was used to pay public offering costs and TRY 1,299,723,679 was used to pay off bank loans denominated in Turkish Lira on December 26, 2023. In addition, the Company repaid its foreign currency debt amounting to USD 5,468,805 in total with its own internal resources. On June 24, 2024, it closed its loan debts by making a loan payment of TRY 37,560,571 from the public offering proceeds and TRY 1,290,232,843 with its own internal resources.

The Company's financial debts consisted of loans used within the scope of the common provisions agreement signed on 21 June 2019 and the loan agreements signed under this agreement. The Company's interest expenses increased due to financial debts, which had a negative impact on the Company's pre-tax profitability.

The Company has closed Turkish Lira denominated loans amounting to TRY 1.299.723.679 on December 26, 2023 and TRY 1.290.232.843 on June 24, 2024 by using its own internal resources with the remaining amount of TRY 1.337.284.250 after deducting the public offering costs and bank expenses from TRY 1.417.034.250 obtained from the public offering; thus, the Company aimed to increase its profitability by eliminating the interest burden arising from the loan.

The details of the bank loan payments made by the Company with the amount obtained from the IPO and with its own internal resources are as follows:

Bank	Payment Amount	Currency Type	Date of Payment
Yapı ve Kredi Bankası	2.734.402,48	US Dollars	26.12.2023
Türkiye Halkbankası A.Ş.	2.734.402,13	US Dollars	26.12.2023
Yapı ve Kredi Bankası	237.871.285,65	Turkish Lira	26.12.2023
Yapı ve Kredi Bankası	190.901.258,54	Turkish Lira	26.12.2023
Türkiye Halkbankası A.Ş.	391.788.933,60	Turkish Lira	26.12.2023
Türkiye Halkbankası A.Ş.	479.162.201,43	Turkish Lira	26.12.2023
Yapı ve Kredi Bankası	152.021.637,43	Turkish Lira	24.06.2024
Yapı ve Kredi Bankası	710.350.546,23	Turkish Lira	24.06.2024
Türkiye Halkbankası A.Ş.	25.667.164,95	Turkish Lira	24.06.2024
Türkiye Halkbankası A.Ş.	402.193.494,82	Turkish Lira	24.06.2024

3- CONCLUSION

TRY 1,337,284,250 remaining after deducting public offering and bank expenses from the funds amounting to TRY 1,417,034,250 obtained from the public offering was used for the full settlement of existing bank loans. All of the Company's loan debts have been paid and its financial structure has been strengthened with these transactions.

It is kindly submitted for the information of the public and our investors. June 27, 2024.

Sincerely yours,

AUDIT COMMITTEE

Ayben KOY

Chairperson

(There are signatures on the originals.)

Kemal USLU

Member

(There are signatures on the originals.)