



**Çates Elektrik Üretim
Anonim Şirketi**

**REPORT OF THE BOARD OF DIRECTORS ON THE
UTILISATION OF THE FUNDS OBTAINED FROM THE
PUBLIC OFFERING**

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

20 May 2024

1- PURPOSE OF REPORT

This report has been prepared in accordance with Article 33 of the Capital Markets Board's Communiqué on Shares numbered VII-128.1 and includes assessments on whether the funds obtained from the capital increase have been utilised as specified in the prospectus.

Publicly traded companies are required to prepare a report within ten business days following the announcement of the first two financial statements containing the results of the capital increase, 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 partnership's website and PDP.

2- UTILISATION OF FUNDS OBTAINED FROM PUBLIC OFFERING

According to the Prospectus, information about the utilisation of the funds 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 in return for the shares with a nominal value of TRY 24,795,000 to be issued, for the repayment of the debts within the scope of the Loan Agreement dated 21 June 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 partner Parla Enerji Yatırımları A.Ş., were offered to the public at TRY 57.15. Parla Enerji Yatırımları A.Ş., the shareholder who offered its shares to the public, retained the net proceeds from the sale of 8,255,000 shares, less the public offering costs. ÇATES obtained TRY 1,417,034,250 of funds from the issuance of 24,795,000 shares as a result of the public offering, of which TRY 79,750,000 was used for the payment of public offering costs and TRY 1,299,723,679 was used for the repayment of bank loans in Turkish Lira. In addition, the Company repaid its foreign currency debt totalling USD 5,468,805 with its own internal resources.

The Company's financial liabilities consist of the loans used within the scope of the common provisions agreement signed on 21 June 2019 and the loan agreements signed within the scope of this agreement. The Company's interest expenses increase due to financial liabilities and this has a negative impact on the Company's profitability before tax.

The Company has closed Turkish Lira denominated loans amounting to TRY 1,299,723,679 with TRY 1,337,284,250, which is the amount remaining after deducting the public offering costs and bank expenses from the TRY 1,417,034,250 obtained from the public offering, in order to reduce the loan amount and interest burden and to increase the profitability of the Company. The details of the bank loan payments made by the Company with the amount obtained from the public offering and its own internal resources are as follows:

Bank	Payment Amount	Type of Foreign Currency	Payment Date
Yapı ve Kredi Bankası	2,734,402.48	US Dollar	26.12.2023
Türkiye Halkbankası A.Ş.	2,734,402.13	US Dollar	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

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 partial repayment of existing bank loans. As a result, the Company's financial debt burden was reduced.

It is submitted for the information of the public and our investors. 20 May 2024.

Sincerely,

BOARD OF DIRECTORS

Hamdi ALP

Chairman

(The originals have signatures.)

Mehmet Akif GÜL

Member

(The originals have signatures.)

Engin KAVAS

Member

(The originals have signatures.)

Emirhan KARAYAY

Member

(The originals have signatures.)

Rıdvan Edip AKDENİZ

Member

(The originals have signatures.)