



**PARK ELEKTRİK ÜRETİM MADENCİLİK
SANAYİ VE TİCARET A.Ş.**

**ANNUAL REPORT OF THE BOARD OF
DIRECTORS FOR THE PERIOD OF 1 JANUARY -
31 DECEMBER 2023**



INDEPENDENT AUDIT REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

1. Opinion

We have audited the annual report of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the period of 1 January - 31 December 2023.

In our opinion, the financial data contained in the annual report of the Board of Directors and the examinations made by the Board of Directors by using the information contained in the audited consolidated financial statements on the condition of the Group, are, in all their important aspects, consistent with the full set of audited consolidated financial statements and the data that we have obtained during the independent audit, and they reflect the truth.

2. Basis of our Opinion

We conducted the independent audit in accordance with the Standards on Independent Auditing ("SIA"), which were adopted under the regulations of the Capital Markets Board and are a part of Turkish Audit Standards published by the Public Oversight, Accounting and Auditing Standards Authority (POA). Our responsibilities under these standards are explained in detail in the section titled "Responsibilities of Independent Auditor in Respect of Independent Audit" of the Annual Report. We declare that we are independent of the Group in conformity with the Codes of Ethics for Independent Auditors (Including the Independence Standards) ("Codes of Ethics") published by POA and with the principles of ethics contained in the Capital Markets Board legislation and the relevant legislation in relation to independent audit. We have also fulfilled the Ethical Rules and other ethics-related responsibilities under the legislation. We believe that the independent audit evidence that we collected during the independent audit process constituted a sufficient and proper basis for us to reach a conclusion.

3. Our Auditor's Opinion in Respect of the Full Set of Consolidated Financial Statements

We have expressed an affirmative opinion in our auditor's report dated 25 April 2024 on the full set of consolidated financial statements of the Group for the period of 1 January - 31 December 2023.

4. Responsibility of the Board of Directors for the Annual Report

The Group management is responsible for the following, regarding the annual report, in accordance with Articles 514 and 516 of Turkish Commercial Code ("TCC") no. 6102 and the provisions of the Communiqué on Principles of Financial Reporting in Capital Markets No. II-14.1 (the "Communiqué") of the Capital Markets Board ("CMB"):

- a) It prepares the annual report and submits it to the general assembly within the first three months following the balance sheet date.
- b) It prepares the annual report in a way to reflect the course of the Group's operations for that year as well as its financial position in all aspects, correctly, completely, straightforwardly, realistically and honestly. In this report, the financial position is assessed in accordance with the financial statements. The report also expressly points out the Group's development as well as the risks that it is likely to be faced with. Assessment of the Board of Directors relating to these issues is also included in the report.



c) The annual report also includes the following:

- Important events that occurred in the company after the end of the activity year,
- The company's research and development operations,
- Financial benefits such as salaries, premiums, bonuses, allowances, travel, accommodation and representation expenses, benefits in kind and in cash, insurances and similar guarantees paid to members of the Board of Directors and senior executives.

While preparing the annual report, the Board of Directors also takes into account the secondary legislative regulations issued by the Ministry of Commerce and the relevant institutions.

5. Responsibility of the Independent Auditor for the Independent Audit of the Annual Report

Our purpose is to express an opinion within the framework of the provisions of TCC and the Communiqué on whether the financial data contained in the annual report and the examinations made by the Board of Directors by using the information in the audited financial statements, are consistent with the Group's audited consolidated financial statements and the data that we have obtained during the independent audit, and on whether they reflect the truth, and to issue a report containing our opinion.

Our independent audit was conducted in accordance with SIAs. These standards require compliance with ethical principles, and the planning and conduction of an independent in order to obtain reasonable assurance regarding whether the financial data contained in the annual report and the examinations made by the Board of Directors by using the information contained in the audited financial statements are consistent with the consolidated financial statements and the data obtained during the audit, and whether they reflect the truth.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Çağlar Sürücü, Sworn-In CPA, Auditor in Charge

Istanbul, 25 April 2024

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

I. GENERAL INFORMATION

a) Reporting Period : 01.01.2023 – 31.12.2023
b) The Company's Trade Name : PARK ELEKTRİK ÜRETİM MADENCİLİK SAN. VE TİC. A.Ş.
Mersis (Central Registration System) No. : 0815006930100014
Tax Office and No. : ISTANBUL LARGE TAXPAYERS TAX OFFICE – 8150069301
Trade Registration No. : 312858

Contact Details

Head Office : Sultantepe Mahallesi Paşalimanı Caddesi No: 41 Üsküdar / ISTANBUL
Phone : 0 216 531 24 00
Fax : 0 216 531 25 71
Website : www.parkelektrik.com.tr

c) Capital Distribution and Shareholding Structure of the Company

Registered Capital Ceiling : TL 300,000,000
Issued Capital : TL 148,867,243

| SHAREHOLDING STRUCTURE OF PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET ANONİM ŞİRKETİ | | | | | |
|---|-------------|--------------------------------|-----------------------|----------------|-----------------------|
| SHAREHOLDER | Share Group | Registered/ Bearer Share | Number of Shares | Holding Ratio | Nominal Value (TL) |
| Park Holding A.Ş. | A | Registered | 1,648,365,856 | 11.07% | 16,483,658.56 |
| Park Holding A.Ş. | B | Registered | 7,468,696,385 | 50.17% | 74,686,963.85 |
| Subtotal | | | 9,117,062,241 | 61.24% | 91,170,622.41 |
| | | | | | |
| Turgay CİNER | A | Registered | 105,715,714 | 0.71% | 1,057,157.14 |
| Turgay CİNER | B | Registered | 900,882,574 | 6.05% | 9,008,825.74 |
| Subtotal | | | 1,006,598,288 | 6.76% | 10,065,982.88 |
| | | | | | |
| Other | A | Registered | 75,005,000 | 0.50% | 750,050.00 |
| Other | B | Registered | 4,688,058,771 | 31.50% | 46,880,587.71 |
| Subtotal | | | 4,763,063,771 | 32.00% | 47,630,637.71 |
| | | | | | |
| TOTAL | | | 14,886,724,300 | 100.00% | 148,867,243.00 |

Park Holding A.Ş., the controlling shareholder of the Company, is controlled by Turgay Ciner. The Company has no cross-shareholding relationship.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

I. GENERAL INFORMATION (cont'd)

ç) Explanations Regarding Preference Shares and Voting Rights Attached to Shares

Six (6) members of the Board of Directors shall be elected from the Group A shareholders and three (3) members shall be elected from the Group B shareholders or their nominees. There are no privileges with respect to the exercise of voting rights.

| Share Group | Registered/ Bearer Share | Number of Shares | Nominal Value (TL) | Ratio on Capital | Type of Privilege |
|-------------|-----------------------------|---------------------|-----------------------|---------------------|---|
| A | Registered | 1,829,086,570 | 18,290,866 | 12.29% | Right to nominate 6 members of the Board of Directors |
| B | Registered | 13,057,637,730 | 130,576,377 | 87.71% | Right to nominate 3 members of the Board of Directors |

d) Information on the Board of Directors, Senior Executives and Number of Personnel

i) Members of the Board of Directors

The members of the Board of Directors of the Company were elected for a one-year term at the Ordinary General Assembly meeting for 2022, which was held on 19 June 2023 in accordance with Turkish Commercial Code ("TCC") and relevant regulations and within the framework of the Articles of Association of the Company. The General Assembly approved and accepted the proposal to elect for a one-year term Gürsel Usta, Erdal Yavuz, Orhan Yüksel, Cevdet Özçevik, Özkan Gökmen and Selçuk Yeşiltaş, who were nominated by the Company's controlling shareholder Park Holding A.Ş. on behalf of Group A shareholders, and the independent members of the Board of Directors Galip Taşdemir, Dilek Emil and Cemal Tüfekçi, who were nominated by Group B shareholders, as a member of the Board of Directors. Details of the Ordinary General Assembly meeting for 2022 were publicly disclosed at www.kap.org.tr on 19 June 2023.

Members of the Board of Directors as of 31 December 2023:

| Name and Surname | Position | Whether Executive Director Or Not | The Election Date to Board |
|------------------|--|--------------------------------------|-------------------------------|
| Gürsel Usta | Chairman of the Board of Directors | No | 19.06.2023 |
| Çiğdem Yılmaz* | Deputy Chairman of the Board of Directors | No | 11.10.2023 |
| Orhan Yüksel | Member of the Board of Directors | Yes | 19.06.2023 |
| Cevdet Özçevik | Member of the Board of Directors | Yes | 19.06.2023 |
| Özkan Gökmen** | Member of the Board of Directors | Yes | 19.06.2023 |
| Selçuk Yeşiltaş | Member of the Board of Directors | Yes | 19.06.2023 |
| Galip Taşdemir | Independent Member of the Board of Directors | No | 19.06.2023 |
| Dilek Emil | Independent Member of the Board of Directors | No | 19.06.2023 |
| Cemal Tüfekçi | Independent Member of the Board of Directors | No | 19.06.2023 |

*It was decided, with the decision dated 11 October 2023 of the Board of Directors, that Çiğdem Yılmaz be appointed as a member of the Board of Directors, to the position which became vacant following the resignation of our member of the Board of Directors Erdal Yavuz, to be submitted for the approval of the General Assembly at the first General Assembly meeting to be held, in accordance with Article 363 of TCC.

**It was decided, with the decision dated 7 March 2024 of the Board of Directors, that Hacı Mustafa Kırac be appointed as a member of the Board of Directors, to the position which became vacant following the resignation of our member of the Board of Directors Özkan Gökmen, to be submitted for the approval of the General Assembly at the first General Assembly meeting to be held, in accordance with Article 363 of TCC.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

I. GENERAL INFORMATION (cont'd)

d) Information on the Board of Directors, Senior Executives and Number of Personnel (cont'd)

i) Members of the Board of Directors (cont'd)

The majority of the members of the Board of Directors are non-executive members of the Board of Directors in accordance with capital markets legislation. The positions held by members of the Board of Directors outside the Company are summarized in the below table:

| Member of the Board of Directors | Current Positions Held Outside the Company |
|---|---|
| Gürsel Usta | Senior Executive at Ciner Group and Member of the Board of Directors at Ciner Group Companies |
| Çiğdem Yılmaz | Senior Executive at Ciner Group and Member of the Board of Directors at Ciner Group Companies |
| Özkan Gökmen | Senior Executive at Ciner Group Energy and Mining Group and Member of the Board of Directors at Ciner Group Companies |
| Orhan Yüksel | Financial Affairs Senior Executive at Ciner Group and Member of the Board of Directors at Ciner Group Companies |
| Cevdet Özçevik | Senior Executive at Ciner Group Energy and Mining Group and Member of the Board of Directors at Ciner Group Companies |
| Selçuk Yeşiltaş | Financial Affairs Senior Executive at Ciner Group, Member of the Board of Directors at Ciner Group Companies and Member of the Board of Directors at Koç University Alumni Association |
| Galip Taşdemir | A1 Yeminli Müşavirlik ve Bağımsız Denetim A.Ş. Auditor in Charge |
| Dilek Emil | EWA Kurumsal Danışmanlık Limited Şirketi - Shareholder, StaminaPA Kurumsal İlişkiler Danışmanlık A.Ş. Shareholder and Chairman of the Board of Directors, Public Communication and Corporate Relations Management Association (KİYED) - Member of the Board of Directors, Association of Analytical Approach to Habitat (HABDER) - Member of the Board of Directors, Shapeless Ideas Association - Chairman of the Board of Directors |
| Cemal Tüfekçi | Polaris Yeminli Mali Müşavirlik Limited Şirketi - Shareholder, and Sky Bağımsız Denetim A.Ş. - Shareholder and Auditor in Charge |

CVs of members of the Board of Directors and independence declarations of independent members of the Board of Directors are provided in Annex-1. No incidents have occurred in the period of 2023 invalidating the independence of the independent members of the Board of Directors.

ii) Personnel and Labor Movements and Collective Bargaining Implementations and Rights and Benefits Granted to Personnel and Workers

| | 31 December 2022 | | | 31 December 2023 | | |
|---------------|-------------------------|--------------------|--------------|-------------------------|--------------------|--------------|
| | White Collar | Blue Collar | Total | White Collar | Blue Collar | Total |
| Park Elektrik | 12 | 11 | 23 | 12 | 11 | 23 |
| Konya Ilgın | 10 | 17 | 27 | 9 | 15 | 24 |
| Total | 22 | 28 | 50 | 21 | 26 | 47 |

Total number of personnel of the Company and its subsidiary as of 31 December 2023, is 47. 21 of the employees are white collar and 26 of them are blue collar.

Personnel working within the Group have no collective bargaining agreements as of the current period. Employees are paid in accordance with the wages and rights set forth in their employment contracts.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

I. GENERAL INFORMATION (cont'd)

d) Information on the Board of Directors, Senior Executives and Number of Personnel (cont'd)

ii) Personnel and Labor Movements, Collective Bargaining Practices and Rights and Benefits Granted to Personnel and Workers (cont'd)

As of 31 December 2023, the amount of the provision for severance pay set aside for the Group's employees is TL 12,574,469, and the amount of the provision for unused leave is TL 4,089,516.

iii) Transactions carried out by the members of the Board of Directors with the Company on their own behalf or on behalf of third parties, and their operations as part of the prohibition of competition

At the respective Ordinary General Assembly meetings of the Company, members of the Board of Directors were authorized to carry out transactions within the framework of the relevant articles of TCC. No transaction was carried out in the period of 2023 in this context.

II. FINANCIAL RIGHTS GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

At the Ordinary General Assembly meeting for 2021, which was held on 5 June 2022, the remuneration to be paid to the independent members of the Board of Directors was determined as monthly net TL 15,000. At the Ordinary General Assembly meeting for 2022, which was held on 19 June 2023, the remuneration to be paid to the independent members of the Board of Directors was increased to monthly net TL 25,000. No remuneration is paid to other members of the Board of Directors in their capacity as a member of the Board of Directors. In accordance with the Company's Disclosure Policy, senior executives other than the members of the Board of Directors consist of the positions of General Manager, Assistant General Managers and executives above Manager level (Director, Coordinator, etc.), and there is no payment made by the Group to these positions in 2023.

Total of benefits provided to the members of the Board of Directors for the period of 1 January - 31 December 2023 is TL 778,663 (2022/12: TL 606,134). No other side benefits or benefits were provided by the Group to the members of the Board of Directors in 2023.

The Group also receives management services from Park Holding A.Ş., its controlling shareholder, in the areas necessary for the sound conduct of its operations. This service includes, but is not limited to, performing procurement functions, implementing IT investments, providing technical information and support for human resources processes, assisting with financial reporting, audit and tax planning, and legal counseling processes. Park Holding A.Ş. allocates the costs incurred in providing such management services to the Group by using the cost allocation method. The amount of expenses incurred by the Group in this context in 2023 is TL 2,148,437 (2022/12: TL 1,311,069).

III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS

Bauxite Mining Operations:

As part of the production operations in 2023 of CTC Enerji Madencilik Sanayi ve Ticaret A.Ş. ("CTC Enerji"), which operates by royalty method the bauxite site with the license no. 78173, located in Islahiye District of Gaziantep Province, the operating license of which is held by the Company, the royalty income earned by the Company was at the amount of TL 156,368,548, corresponding to 1,842,295 tonnes of bauxite produced (2022/12: TL 136,283,109). Production volume increased by approximately 19.5% compared to the production volume of 1,541,249 tonnes in 2022. Both the increase in production volume and the devaluation of Turkish Lira against US Dollar continue to support the increase in royalty income, since the royalty fee is in foreign currency.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

Bauxite Mining Operations (cont'd):

Production operations in the bauxite site were suspended following the earthquake disaster which occurred on 6 February 2023 and affected 10 provinces in the same region, with its epicenter to be Kahramanmaraş. After the completion of the repair work to restore the transportation between the working areas in the mine site and Islahiye, the identified damages to the power transmission lines were to a great extent repaired by CTC Enerji in a way not to constitute an obstacle to the mining operations to be carried out. In this framework, production in the site resumed on 1 March 2023.

Total of costs incurred for monitoring and control of the aforementioned mining operations, including labor costs and the depreciation expenses of the plant, was recognized as TL 6,490,867 (2022/12: TL 3,839,297).

CTC Enerji continues its mining operations with the open pit method and processes the bauxite ore obtained in the crushing and screening plant and sells it in various sizes. The Company is paid a royalty of USD 2.70 per tonne of mineral produced from the bauxite site, and the amount to be paid cannot be lower than the amount to be paid for minimum committed production volume.

The fourth royalty year ended on 27 July 2023 with a total achieved production volume of 1,735,899 tonnes, exceeding the minimum production commitment of 1,000,000 tonnes. Production volume in the calendar year 2024 is anticipated to be at a level of approximately 2 to 2.2 million tonnes. CTC Enerji's production volume of bauxite, the raw material for aluminum production, is highly dependent on the course of aluminum prices in the world. The Company's minimum production commitment policy reduces the risk of fluctuations in royalty income due to production shortfalls that may occur as a result of market conditions and supply/demand.

The table below provides basic information on the bauxite site:

| | | | |
|--------------------------------------|---|--|--|
| License Group | IV. Group (C) Operating License | | |
| License Term | 14.12.2018 – 14.12.2028 | | |
| Term of the Royalty Agreement | Considering the market conditions, economic developments and the reserve and tenor conditions in the site, the term of the royalty agreement, which expires on 15 April 2024, shall be extended, upon the request by CTC Enerji, to December 14.12.2028, which is the date of expiry of the license. (See Section VIII) | | |
| Minimum Production Commitment | Minimum 200,000 tonnes of bauxite for the first royalty year, minimum 600,000 tonnes for the second royalty year, and 1,000,000 tonnes for each year starting from the third royalty year. | | |
| Estimated Reserve Amount | The grade of bauxite ore depends on the aluminum oxide (Al ₂ O ₃) content of the ore. As a result of the studies carried out by the Russian company VAMI in 2005, the estimated total amount of bauxite reserves in the relevant site according to ore grade is given below. Under current market conditions, bauxite ore with an Al ₂ O ₃ content below 42-43% has no direct economic value and must be beneficiated. | | |
| | Ore Grade | Estimated Resource (Million Tonnes) | |
| | Al ₂ O ₃ = 41.1 | 76.7 | |
| | Al ₂ O ₃ = 49.5 | 23.8 | |
| | Al ₂ O ₃ = 52.8 | 13.5 | |

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

Bauxite Mining Operations (cont'd):

Since bauxite ore with an Al₂O₃ content below 42-43% must be enriched essentially, and there is no such investment planning currently, current production at the site is predominantly achieved from ore with an ore grade above 42-43%.

Investment Properties:

The Company has leased its investment property located in Beyoğlu District of Istanbul Province to Istanbul Galata University for use as a university building for higher education activities. The lease term is set for 5 years starting from 1 June 2021 and may be extended for an additional 5 years at the end of the lease term. In 2023, the rental income from the relevant property was recognized as TL 11,672,860 (2022/12: TL 7,007,792).

The Company carried out fair value determination studies for its investment properties, as part of the year-end financial reporting studies for 2023. The relevant study was conducted by TSKB Gayrimenkul Değerleme A.Ş., which was authorized by the Capital Markets Board ("CMB"). The following table provides summary information on investment properties. Due to inflation accounting, the fair value of investment properties, which was reported as TL 541,794,160 in the year-end reporting for 2022, was brought to a level equal to the purchasing power for 2023, and presented as TL 892,730,050. As a result of inflation accounting, the value of investment properties increased by 30.8% compared to the end of 2022, reaching TL 1,167,650,780.

| Address | Type | Surface Area of Building Land/Arable Field | Total Construction Area | Fair Value (TL) |
|---|--|--|-------------------------|----------------------|
| Beraketzade Mah. Okçu Musa Cad. No:1 Beyoğlu/İstanbul | 10-Storey Building | 332 m ² | 2,904 m ² | 392,040,000 |
| Kapıkule Yolu Üzeri, Kemalköy, Merkez/Edirne | Idle Textile Factory and Land | 341,614 m ² | 44,543 m ² | 195,074,132 |
| Hürriyet Mah. İskenderun Yolu 5. Km ve Büyük Mangıt Mah. Ceyhan/Adana | Idle Textile Factory and its Building Land and Arable Fields | 390,037 m ² | 46,232 m ² | 578,306,000 |
| Other | Building Land-Building | - | - | 2,230,648 |
| | | | Total | 1,167,650,780 |

Plants, Machinery and Equipment:

The Group also repeated as of the end of 2023 the fair value determination studies which were last carried out in 2022, since the recent inflationary environment and the course of the exchange rates had an impact on the fair value of plants, machinery and equipment. The relevant study was conducted by TSKB Gayrimenkul Değerleme A.Ş., which was authorized by the CMB. The fair value of the Group's plants, machinery and equipment was reported in the consolidated statement of financial position dated 31 December 2023, by deducting the subsequent accumulated depreciation from their fair value on 31 December 2023, as TL 47,776,145 in total (at the purchasing power level for 2023, 31.12.2022: TL 45,506,049).

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

a) The Company's Investments and Benefits from Incentives in the Relevant Period

Investments made by the Group in 2023 mainly consist of the investments related to the mining operations carried out within the Company's subsidiary Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Konya Ilgın"). Detailed information on the operations of Konya Ilgın is provided in subparagraph (i) of this section.

The Group has not benefited from any direct investment incentives other than the insurance premium incentive and the minimum wage incentive during the current period.

b) Information on the Internal Control System and Internal Audit Activities of Company:

The Board of Directors has established a risk management mechanism for the Company's existing and potential risks. Internal control mechanisms are in place to monitor risk management. The effectiveness of risk management is periodically reviewed and any deficiencies or failures are corrected as soon as possible.

The Company has established an internal audit unit within its own organization. Internal Audit assesses how the organization manages existing and potential risks, the effectiveness of internal controls against risks, errors, fraud and other potential losses, and the soundness of management processes and organizational structure, reports its findings to the appropriate internal authority, and proposes solutions to problems.

c) Information on the Company's Direct or Indirect Affiliates and their Holding Ratios

| | | Shareholder Structure | | | |
|--|-----------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | | 31.12.2022 | | 31.12.2023 | |
| Company Name | Current Operations | Direct and Indirect Ownership Ratio | Effective Ownership Ratio | Direct and Indirect Ownership Ratio | Effective Ownership Ratio |
| Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. | Production and sale of coal | 100% | 100% | 100% | 100% |

Konya Ilgın, 100% of the shares of which were acquired by the Company, has a project of building an integrated thermal power plant with an installed capacity of 500 MW and is currently engaged in lignite mining in Ilgın district of Konya Province.

ç) Information on the Company's Own Shares Acquired by Itself

In 2017, the Company bought back shares at a nominal value of TL 750,000 acquired under the resignation right granted to shareholders under the capital markets legislation. As these shares were acquired through the exercise of the resignation right in accordance with the CMB regulations, they are not subject to the share buyback limit of 10% of the share capital.

The share buyback program, which entered into force by being approved at the Ordinary General Assembly meeting for 2020, which was held on 2 June 2021, ended on 2 June 2023, since its term was 2 years. During the Buyback Program, 55,000,000 shares at a nominal value of TL 550,000 were bought back. The percentage in the capital of the shares bought back under the Share Buyback Programs reached 0.37%. The shares that were bought back were not sold during the program.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

ç) Information on the Company's Own Shares Acquired by Itself (cont'd)

Considering that it would be beneficial to continue the share buy-back program, since it allows the share buy-back in case certain conditions are met and an authorization is granted to the Board of Directors, the new 3-year Share Buy-Back Program prepared by the Board of Directors was approved at the Ordinary General Assembly meeting for 2022, which was held on 19 June 2023.

The "lower price limit" for the buy-back of the shares is 1 (one) kurus. For the buyback of shares, the "upper price limit" for a share at a nominal value of TL 1 (one) is 200% higher than the "share book value" to be found by dividing the total shareholders' equity in the consolidated financial statement which was last disclosed to the public in the Public Disclosure Platform by the issued capital of the Company [(total shareholders' equity/issued capital) x 3)]. In case transactions requiring the adjustment of the share price are carried out, the lower and upper price limits specified shall be adjusted within the framework of the Stock Exchange regulations.

Considering the consolidated financial statement dated 31 December 2023, which was last disclosed to the public, maximum share buyback price was revised as TL 55.4751 for a share at a nominal value of TL 1. The nominal value of the shares to be bought back may not exceed 10% of the Company's issued capital, including previous purchases, if any. Since the current number of shares of the Company is 14,886,724,300, the maximum number of shares that can be bought back is 1,488,672,430 shares. As part of the currently applicable program, considering the orders matching as of 31 December 2023, shares at a nominal value of TL 360,000 were bought back at a price of TL 8,178,971, including the transaction costs. Total amount of shares at a nominal value of TL 910,000, which were bought back, reached TL 24,220,150, including the transaction costs, and its percentage in capital reached 0.61%.

As stated in the relevant buyback program, the approval of the share buyback program by the General Assembly is an authorization granted to the Board of Directors and the approval of the program does not constitute a commitment that the full authorization granted under the program will be used.

The price of the shares of public companies is determined under free market conditions, depending on the situation of the company and the sector in which it operates, the financial data and specific conditions of the company, the general macroeconomic conditions and the supply and demand for the respective shares. In this regard, the maximum share buyback price announced by our company each quarter should not be considered a target price set by our company.

d) Remarks on the Private Audit and Public Audit Conducted During the Period

There were no special audit requests under article 438 of the TCC during the period.

The selection, as the independent auditor, of "PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.", which was determined by the Board of Directors upon the proposal of the Audit Committee, to conduct the independent audit activity and to review the operations and accounts of 2023 in accordance with the provisions of the Capital Markets Legislation and TCC, was approved at the General Assembly meeting held on 19 June 2023.

In the second quarter of the year, the Group benefited from the tax base increase provisions in the Law on Restructuring of Certain Receivables and Introduction of Amendments to Certain Laws no. 7440.

Our consolidated financial statements for 2023, which were prepared in accordance with the Turkish Financial Reporting Standards, were audited by an independent auditing company, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and their audit report expressed a positive opinion.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

e) Information on the Lawsuits Brought Against the Group which may Affect the Financial Position and Operations of the Group, and the Possible Outcomes Thereof

The Group has been involved in various lawsuits as both defendant and plaintiff due to its operations during the period. A significant portion of the Group's current lawsuits are labor lawsuits related to the Company's Madenköy operation in Şirvan district of Siirt, which was closed in 2017, and include the claims (death related pecuniary and non-pecuniary damages, receivables, and reemployment) of the Company's personnel and subcontractors' personnel and their legal successors. As a result of the legal opinions received regarding the civil, labor, commercial and administrative lawsuits filed against the Group, and the assessment of the similar lawsuits finalized in the past and the current litigation stages, the Group set aside a total provision of TL 57,611,614 in its consolidated financial statements, as of the end of 2023 (31 December 2022: TL 97,444,630). The amount of the provision is updated at each reporting period based on the risks and uncertainties associated with the liability as the litigations progress.

In the lawsuit, where certain non-governmental organizations filed a lawsuit against the Presidency of the Republic of Türkiye for the closure of all of the 30 coal-fired thermal power plants in operation in our country, by revoking their production licenses, and for the revocation of the production licenses and projects of 7 thermal power plants that have not yet been put into operation, which 7 thermal power plants also included the thermal power plant project of our Company's subsidiary Konya İlgin, and our subsidiary Konya İlgin is also a party to which lawsuit, since its 43-year electricity generation license with the license no. EÜ/4292/02479 was also requested to be revoked within the scope of the lawsuit, Ankara 11th Administrative Court decided to dismiss the lawsuit, appeal against the decision to be available. At the appeal stage, the case was dismissed, appeal against the decision before the Council of State to be available, and the judicial process is ongoing.

f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislation Provisions

The application of our Company's a subsidiary Konya İlgin to the Energy Market Regulatory Authority ("EMRA") to amend its electricity generation license by extending by 66 months the completion period of the plant, which was included in its electricity generation license, was rejected by EMRA's Board Decision no. 11321-10 dated 27 October 2022, and the electricity generation license was revoked.

The relevant decision of EMRA decided, in summary;

- 1) That the grounds presented to EMRA for being unable to start the construction of the Power Plant, are outside the scope of "force majeure events and just causes not arising from the licensee" under the legislation on the electricity market,
- 2) That the electricity generation license no. EÜ/4292/02479 dated 27.02.2013, which was granted to Konya İlgin for "İlgin 500 MW Thermal Power Plant", be revoked,
- 3) That TL 7,575,000 of the two bank guarantees submitted to EMRA for the aforementioned project, at the amount of TL 14,375,000 and TL 1,000,000, be recorded as a revenue pursuant to Article 45 of the Electricity Market License Regulation ("Regulation"), and that the remaining portion of them be refunded,
- 4) That, pursuant to paragraph three of Article 27 of the Regulation, all real and legal persons who directly or indirectly hold shares in the capital of Konya İlgin, and the members of the Board of Directors of Konya İlgin, be deemed to be prohibited for three years following the revocation of the license.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislative Provisions (cont'd)

While EMRA concluded that the grounds we presented in our application for the extension of the plant completion period included in the generation license, due to economic and sectoral developments beyond the control of our Company and its subsidiary, are outside the scope of "force majeure events and just causes not arising from the licensee" under the electricity market legislation, as such assessment is not considered reasonable and in accordance with the relevant legislation, legal proceedings are being pursued against the decision, since it is considered that such a conclusion is unreasonable and in breach of the relevant legislation.

Konya İlgin filed an action for nullity against the aforementioned administrative action of EMRA, on 3 January 2023, at Ankara

21st Administrative Court, with the file no. 2023/11, requesting for a stay of execution. As EMRA also decided that all real persons and legal entities that directly or indirectly hold shares in the capital of Konya İlgin and the members of the Board of Directors of our subsidiary Konya İlgin be deemed to be prohibited from the electricity market for three years following the revocation of the license, our Company and our controlling shareholder Park Holding A.Ş. also filed an action for nullity on 3 January 2023, requesting for a stay of execution. The persons against whom a prohibition order was issued also filed a lawsuit on their own behalf.

In its decision dated 8 March 2023, Ankara 21st Administrative Court stated that paragraph 2 of Article 27 of the Administrative Procedure Law no. 2577 rules that administrative courts may decide to stay the execution by citing the relevant grounds, in cases where the conditions that the implementation of an administrative action will result in damages which are difficult or impossible to be compensated and that the administrative action is clearly unlawful, are met together, and decided to reject the request for stay of execution, on the grounds that the conditions prescribed by the aforementioned provision of law were not met. As a result of the appeal filed by Konya İlgin against the court decision regarding the rejection of the request for a stay of execution, 8th Administrative Law Chamber of Ankara Regional Administrative Court decided, with its decision dated 13 April 2023, to reject the appeal request. At the hearing held on 12 December 2023, statements and defenses of the parties were presented to the court verbally. Ankara 21st Administrative Court decided, in its decision which was served on 11 January 2024, to reject the request of Konya İlgin for the nullity of the decision no. 11321-10 dated 27.10.2022 of EMRA, on the grounds that the decision of EMRA is not in breach of the legislation and is not unlawful, appeal against the decision to be available. The examination of the merits of the case is continuing at the appeal stage.

The annual report of our Company for the period of 2022 explained in detail the adverse events in the electricity sector and general economic conditions in Türkiye, which were not possible to be anticipated as of the date when Konya İlgin Thermal Power Plant Project was acquired by our Company, as well as the reasons for having been unable to proceed to the construction stage in the project due to global pandemic which started to show its effects in 2020.

Konya İlgin, which holds the mining license of one of the most important mining areas in our country where production can be made with domestic resources, is of strategic importance. The importance of Konya İlgin Thermal Power Plant Project is revealed in all aspects, with the efficient use in economy of the coal reserves in Konya İlgin mining area, its contribution to the energy supply security as it is a base load power plant, and the increase in employment in the region. Accordingly, considering that EMRA's decision is not final and subject to judicial review, currently our business plan to put into practice the Konya İlgin Thermal Power Plant Project in the medium-term is valid. We consider that utilizing the coal reserves in the relevant site as a thermal power plant fuel to create added value is the most appropriate business model, and we continue to work to put the project into practice, despite the restrictions beyond the control of our Company, that have arisen worldwide regarding thermal power plants, and the adverse effect of the ambiguity caused by the legal proceedings taken against the decision of EMRA for revocation of the license on the operations carried out for both the construction and the financing processes of the plant.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislative Provisions (cont'd)

Finally, within the framework of the preliminary mining planning, which was put into practice in 2019 in order to prepare for the master mining plan with a high coal production capacity to be implemented during the power plant's operation, our subsidiary Konya Ilgın is currently engaged in lignite mining operation in the site with the license no. 1247, which is located in Ilgın District of Konya Province, under the royalty agreement to which it is a party together with the General Directorate of Turkish Coal Enterprises ("TCE"). The date of expiry of the operating license for the site with the license no. 1247 is 21 June 2026, and the royalty agreement is valid until 9 April 2032. The operating license of the site with the license no. 1247 was taken over from TCE in the second quarter of 2023, limited to the royalty term, and after the expiry of the license term, the license term can be extended until the end of the royalty term.

The royalty agreement in question relates only to the use of the mineral resources in the site and does not include any requirement to construct a power plant or similar plant. The license of site with the license no. 2444, which is a continuation of site with the license no. 1247, where coal production operations are anticipated to continue in the future, is held directly by Konya Ilgın and is valid until March 4, 2043.

In this framework, although the decision to revoke the license is subject to judicial review and there is no final decision, there is no obstacle to coal production from the relevant sites, even if the power plant investment cannot be put into practice as a result of the process. In this context, EMRA's decision to revoke the electricity generation license does not affect the ongoing mining operations of Konya Ilgın.

g) Significant changes in the environment in which the Company operates and the Company's policies in response to those changes

Bauxite production operations in Islahiye were suspended for approximately 1 month due to the earthquake that occurred on 6 February 2023. No significant damage was detected to the buildings in the construction site and the machinery/equipment in the plant. Following the earthquake disaster, priority was given to opening the transportation routes and supporting the rescue and debris removal efforts in the region, and subsequently, efforts were made to restart the production operations. Production operations at the site were restarted as of 1 March 2023, and it was planned to compensate for the loss in production operations incurred in February due to the earthquake disaster which is a force majeure event in accordance with the royalty agreement, in the remaining months of the royalty year.

The mining plan of the Konya lignite site of the Company's subsidiary Konya Ilgın is reviewed annually in light of the actual achievements. In this context, considering the achievements in 2023 and the ambiguity created on the investment calendar by the legal proceedings initiated against the decision to revoke the license, which was taken by EMRA, the term of the preliminary mining planning, which was put into practice prior to the high-volume coal production, was extended in a way to cover the entire calendar year 2027. Within the framework of this updating, total amount of stripping to be carried out during the preliminary planning was revised to approximately 47.8 million m³ and total amount of coal to be produced until the end of 2027 was revised to approximately 2.3 million tonnes. Considering the timing of the power plant investment schedule and coal sales volumes, the term of the preliminary mining planning and planned coal production volumes can be revised.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

g) Significant changes in the environment in which the Company operates and the Company's policies in response to those changes (cont'd)

The achievements as of the end of 2023 as part of the aforementioned planning, which started production in the last quarter of 2019, are given below.

| Year | Stripping Amount (m ³) | Coal Production (Tonnes) |
|--------------|------------------------------------|--------------------------|
| 2019 | 4,484,150 | 20,184 |
| 2020 | 5,557,187 | 270,180 |
| 2021 | 5,321,817 | 275,054 |
| 2022 | 4,360,352 | 301,061 |
| 2023 | 5,206,196 | 212,621 |
| Total | 24,929,702 | 1,079,100 |

Considering that the coal delivery obligation under the coal sales agreement with Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim A.Ş. ("Eti Soda"), to which our subsidiary made all of its coal sales in 2023, which is valid until 16 July 2023, was fulfilled by Konya İlgin within the range prescribed by the agreement, and that it would be appropriate to renew the applicable coal prices within the framework of the current conditions in the market due to the inflationary environment in our country, a new coal agreement with a term of 1 year and a coal volume of 240 thousand tonnes was signed between Konya İlgin and Eti Soda, to be valid as of 1 June 2023. As in the previous sales agreements, it was ruled that coal sales prices will be escalated, considering the changes in fuel prices, as a measurement against possible cost increases during the term of this agreement. In this framework, since the cost of stripping, which is the largest cost item of coal production, is dependent on fuel prices at a percentage of approximately 50% to 55%, the coal sales price is monthly revised to reflect the fuel prices. If the fuel price change is more than 5% in the same month, the price is updated separately without waiting for the next month.

As a result of its mining operations, our subsidiary is subject to environmental controls and regulations. Konya İlgin is obliged to restore the environment to its previous condition after the end of mining operations, by decommissioning the plants and other assets that it used regarding mining operations. Konya İlgin's management believes that its environmental obligations mainly include the following aspects:

- Rehabilitation of the land structure and other forms of continuous rehabilitation; and
- Decommissioning of equipment used during mining operations at the end of mining operations and restoration of mining sites in a manner that ensures the safety of the surrounding population and the protection of the environment, buildings and other plants.

The Group continuously reviews the amount of the provision for the rehabilitation of the Konya İlgin mine site and has recorded a provision of TL 31,591,749 as of the end of 2023 in its financial statements.

ğ) Key Factors Affecting the Company's Performance

The Group is currently in the investment process and plans to operate mainly in the electricity generation sector as well as mining operations after completion of the Konya İlgin Thermal Power Plant Project within the Company's subsidiary. Actually, the Company is engaged in bauxite mining, which is operated by the Company under royalty, and lignite mining, which was started by its subsidiary in preparation for the period when the thermal power plant will be in operation.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

ğ) Key Factors Affecting the Company Performance (cont'd)

The main factors affecting the financial results of the mining operations are the production volume and the royalty per tonne, on which the royalty income from bauxite mining is directly dependent. As royalties are denominated in foreign currencies, currency fluctuations also have an indirect impact on the revenue. For lignite mining, fuel prices are the most important factor in determining both the production costs and the coal selling prices. As Türkiye is an oil importer, exchange rates also have an indirect impact on both coal production costs and coal sales prices. In addition, changes in the price of imported coal also indirectly affect the price of domestic coal, which is a substitute product.

In this framework, the price per barrel of Brent oil increased during the year to a level above approximately USD 90, but decreased to a level of USD 77 as of 31 December 2023. Forward coal prices in the Rotterdam market, which are considered as an indicator for imported coal prices, decreased from a level of USD 228, which was observed at the end of December last year, to a level of USD 118 at the end of December this year. It is considered that the high interest rate environment suffered on a global scale and the economic recession expected in connection with this and geopolitical developments have an effect on the aforementioned price developments. The decline in imported coal prices also creates a downward pressure on domestic coal prices.

Our subsidiary Konya Ilgın is engaged in the production of domestic lignite, which has a very low calorific value compared to imported coal (with an average lower calorific value of approximately 2,079 kcal/kg), and comparing lignite prices with high-calorific imported coal prices is not an accurate comparison in this respect. Although the average calorie of coal in the site is anticipated to be 2,079 kcal/kg, the calorie of coal obtained from the site may be below or above this average from time to time. Changes in caloric value may also have an impact on the revenue and profit margins, by affecting the sales prices.

On the other hand, the Konya Ilgın Thermal Power Plant Project is a greenfield investment project and many factors affect the timing of the investment, including the exchange rate of the Turkish Lira against the U.S. Dollar, electricity supply/demand, electricity prices and incentives for the use of renewable energy resources and domestic resources.

The low price levels observed in Turkish electricity sector for many years have started to trend upwards since the last quarter of 2021. The average Market Clearing Price ("PTF"), which increased to TL 2,505/MWh in 2022, maintained its increasing trend, although limited, in the first quarter of 2023, and reached an average of TL 2,785/MWh. In the second quarter of the year, a downward trend started to be effective in the prices, breaking the cycle of increases. In this framework, PTF completed 2023 at an average level of TL 2,189/MWh. Compared to 2022, prices in TL were recognized 12.6% lower, while the decrease in prices in USD reached approximately 35%. In 2023, average PTF was recognized at a level of USD 97/MWh. It is considered that the extent of occurrence of the expected economic recession in our country and in the global economy in the coming period, and the course of the prices of energy commodities in connection with this, will also have an impact on our country's electricity market.

In the light of these price increases which occurred in the last quarter of 2021, EMRA has made a differentiation between power plants in the maximum settlement price regarding the electricity price formed within EPIAŞ ("Energy Exchange Istanbul"), with the new regulation it has put into practice at the beginning of April 2022. The aforementioned regulation, which was put into practice temporarily for 6 months and extended for another 6 months as of 1 April 2023, has adversely affected the profit margins of domestic coal power plants. As of December 2022, the ceiling price applicable to domestic coal-fired power plants was TL 2,058 per MWh, while this amount increased to approximately TL 2,193/MWh in March 2023 as a result of escalation, and decreased to TL 2,059/MWh as of June 2023. In the second implementation period, maximum settlement price was increased, by creating a separate item for domestic coal-fired power plants.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

ğ) Key Factors Affecting the Company Performance (cont'd)

As of September 2023, the ceiling price applicable to domestic coal power plants increased to TL 2,411 per MWh. EMRA terminated the maximum settlement price implementation as of 1 October 2023.

In this respect, global economic developments, dynamics in the Turkish energy sector and changes in tax, environmental and incentive legislation are considered among the most important factors influencing the Group's investment process. The Group closely monitors recent macroeconomic developments and their impact on energy investments, the supply/demand balance in the electricity sector, and the incentive mechanisms of public authorities.

h) Corporate Governance Principles Compliance Report

The mandatory "Corporate Governance Principles" published by the CMB have been complied with and implemented during the period of 1 January 2023 - 31 December 2023. The "Corporate Governance Compliance Report" ("CGCR") and the "Corporate Governance Information Form" ("CGIF") for 2023, prepared in accordance with the formats determined pursuant to the decision no. 2/49 dated 10.01.2019 of CMB and the Communiqué on Corporate Governance no. II-17.1, were publicly disclosed at www.kap.org.tr. The CGCR templates were used to report on compliance with voluntary principles, and the CGIF templates were used to provide information on current corporate governance practices.

The Company's Declaration of Compliance with the Corporate Governance Principles and additional explanations on the Corporate Governance Rules are included in the section titled "IX - Additional Information on Corporate Governance" of the annual report.

As a result of the periodic review performed by SAHA Kurumsal Yönetim ve Derecelendirme Hizmetleri A.Ş., the Corporate Governance Rating of our Company was confirmed as 91.31 (9.13) as of 6 June 2023.

| Major Categories | Weight | Rating |
|------------------------------------|--------|--------------|
| Shareholders | 25% | 89.04 |
| Public Disclosure and Transparency | 25% | 97.99 |
| Beneficiaries | 15% | 85.55 |
| Board of Directors | 35% | 90.64 |
| Total | | 91.31 |

ı) Amendments Made During the Period to the Articles of Association, and the Reasons Therefor

N/A.

i) Operations of the Company's Subsidiary (Konya İlgin)

The Company's subsidiary Konya İlgin has a project of building an integrated thermal power plant with an installed capacity of 500 MW. Konya İlgin was incorporated for the purpose of extracting lignite from the relevant sites and producing and selling electric power, within the framework of the mining licenses it holds and the royalty agreement to which it is a party. Currently, the construction of the thermal power plant could not be started due to the economic and global developments beyond the control of our Group, which are detailed in subparagraph (ğ) of this section, and the ongoing legal proceedings arising from the decision to revoke the electricity generation license.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

i) Operations of the Company's Subsidiary (Konya Ilgın) (cont'd)

Considering that the construction stage of the power plant has not yet started and that the process after the start of construction of the power plant will take approximately 3.5 years, a preliminary mining planning was put into practice. According to the latest updated plan, which covers the period of June 2019 - December 2027, a total of approximately 47.8 million ³ of stripping is planned and a total of approximately 2.3 million tonnes of coal is planned to be produced during the plan period. Within the scope of this planning, since it is not possible to store the coal to be produced (spontaneous heating due to oxidation, etc.), the coal is sold during this transitional period to generate income, and the coal to be produced from the site within the scope of the master mining plan will be used to meet the fuel needs of the thermal power plant.

Since the main business model of Konya Ilgın is based on electricity generation, and the practice of selling the coal to be produced from the site externally will not be continuous, there is no performance target for the coal production and sales operation, which is achieved in a very limited volume according to the master mining plan. The main purpose of this plan is to prepare for a high coal production capacity master mining plan (a 30-year master mining plan requiring approximately 3.5 million tonnes of coal production per year) to be implemented in the future when the power plant will be in operation.

As part of the ongoing stripping and coal production activities in the Konya Ilgın site, a total of 5,206,196 m³ of stripping was carried out in 2023 (2022/12: 4,360,352 m³), while coal production in the current period was recognized at a level of 212,621 tonnes (2022/12: 301,061 tonnes). Predominantly with the effect of stripping operations carried out in the site, the net value of investments in mining assets increased to TL 827,621,253 as of the end of 2023 (31 December 2022: TL 645,104,912). The end-of-period coal inventory level is 31,141 tonnes.

In order to carry out the stripping operations in 2023, an agreement was signed with Yener Lojistik Madencilik ve İnşaat Ticaret Limited Şirketi for a total of 7,000,000 m³ of stripping operations, with a tolerance of (+/-) 20%. The base unit price for the stripping was set in the agreement at TL 37/ m³, and the base unit price is being put through escalation during the work in accordance with the terms of the agreement. Weighted average annual stripping cost increased by approximately 73% in 2023 compared to 2022, due to the increase in input prices, particularly the fuel prices, and was recognized at a level of approximately TL 54.7 per cubic meter (2022/12: TL 31.6)

The coal sales agreement, which was signed on 30 June 2022 with our associate Eti Soda regarding the sale of coal produced in the Konya Ilgın site and is valid until 16 July 2023, was terminated early by mutual agreement, and a 1-year new coal purchase and sales agreement was signed as of 1 June 2023, by observing the current market conditions. Under the relevant agreement, coal sales to Eti Soda will continue for an additional 1 year, to be valid from 1 July 2023, and 240,000 tonnes (±25%) of coal will be delivered to Eti Soda until 31 May 2024.

Under the provisions of the aforementioned agreement, a total of net 210,738 tonnes of coal was sold to Eti Soda in 2023, and as a result of coal sales, a net coal sales income of TL 239,551,471 was received from Eti Soda.

By also considering the regulations prescribed by the decision no. 21/500 dated 11.04.2019 of CMB, regarding that the reports prepared by competent persons authorized by the National Mineral Resource and Reserve Reporting Commission ("UMREK") in accordance with the UMREK standards must be taken as basis in the reporting of mineral exploration, mineral resource and mineral reserve estimation results, in the valuation of the mining license, and in the valuation of mineral resources and mineral reserves, in addition to the studies carried out so far regarding the site, studies were started to determine the reserve in the site in accordance with UMREK norms and standards and to report it according to UMREK (2018) code.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)**

i) Operations of the Company's Subsidiary (Konya Ilgın) (cont'd)

As part of the studies carried out, the Coal Resource Estimation Report dated 10 January 2022, which was prepared by Güvenli ve Verimli Maden Teknolojileri San ve Tic Limited Şirketi in accordance with the UMREK (2018) Code, stated in summary:

- 1) That the amount of coal resource, which was determined to be approximately 175 million tonnes in the last study which was carried out in 2017 by ITU Faculty of Mining, Department of Mining Engineering to estimate the amount of coal in the site, was determined to be 188 million tonnes, and that the average lower calorific value on the original basis was determined to be 2,079 kcal/kg,
- 2) That, as a result of the data produced from the drillings carried out in the site from 1977 to 2011 and the confirmation drillings carried out in 2021 within the scope of UMREK (2018) reporting, the entire 188 million tonnes of coal resource was classified in the Potential Category, on the grounds that the quality, accuracy, precision and representativeness of the data produced from the drillings support the resource in the potential category, and
- 3) That, since it is not possible to convert the mineral resources in the Potential Category into mineral reserves, additional drilling operation is required to proceed with mineral reserve estimation.

In accordance with the UMREK (2023) code, the "Potential" category resource classification was changed to "Possible", and in this context, an agreement was signed with Güvenli ve Verimli Maden Teknolojileri San. ve Tic. Limited Şirketi on 21 November 2023 for the conduction of necessary studies to upgrade the coal resource classified in the "Possible" category to the "Determined" and/or "Measured" coal resource category and for the reporting of this circumstance in accordance with the UMREK (2023) code. The studies are planned to be completed by June 2024. In this framework, an agreement was signed on 21 December 2023 between our Company's subsidiary Konya Ilgın and Avrasya Jeotek Sondaj Mühendislik Madencilik Sanayi ve Ticaret Ltd. Şti. for the conduction of a core drilling of 6,000 (six thousand) meters (+/- 20%) in order to obtain data to be used in the reporting to be made for the mining sites with the license nos 1247 and 2444 in accordance with the UMREK (2023) code. It is anticipated that the work within the scope of the agreement will be completed by the end of April 2024.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)

i) Operations of the Company's Subsidiary (Konya Ilgin) (cont'd)

The following table provides basic information on the Konya Ilgin Thermal Power Plant Project:

| | |
|---|--|
| Project Name - Province / District | Ilgin Thermal Power Plant - Konya / Ilgin |
| Plant Type | Thermal - Fluid Bed Combustion |
| Total Installed Power | 500 MW |
| Fuel Type | Domestic Lignite / Fuel Oil |
| Anticipated Cost | Taking into account the main power plant investment (approximately USD 600 million) and the non-main power plant investments (switchgear, water intake, ash dam, etc.), the total power plant investment is projected to be approximately USD 650 million. |
| Projected Avg. Annual Gross Production Volume | 3,800,000,000 MWh / Year |
| Projected Annual Coal Consumption Volume | Approximately 3.5 million tonnes |
| Estimated Construction Time | 43 months (Approx. 3.5 years) |
| Term of the Electricity Generation License | 49 years (obtained on 27 February 2013) (See Section III/(f)) |
| Term of the Right of Way | 49 years (established on 27 February 2013) for the purpose of building an electricity generation plant at the power plant site |
| License Term (the site with the license no 2444) | Group IV (B) mining license which covers an area of 1,865.42 hectares and is valid until 04.03.2043 (The site is temporarily suspended until 23.10.2024). |
| License Term (the site with the license no 1247) | Group IV (B) mining license which covers an area of 5,649.65 hectares and is valid until 21.06.2026 |
| Environmental Permit and License Certificate | Currently, Konya Ilgin, which carries out mining operations in the site with the license no. 1247, has an Environmental Permit and License Certificate which is valid until 1 July 2026. |
| Term of the Royalty Agreement (the site with the license no. 1247) | Royalty agreement covering 5,649.65 hectares and valid until 09.04.2032. There is a minimum production commitment of 300,000 tonnes per year. |
| Estimated Reserve/Resource Amount | According to the UMREK (2018) code, the sites with the license nos 1247 and 2444 are estimated to contain a total of approximately 188 million tonnes of potential coal resources. The average lower calorific value of the coal in the site is approximately 2,079 kcal/kg. |

The royalty agreement for the site no. 1247, located in Ilgin District of Konya Province, where the Company currently carries out its lignite mining operations by royalty method, is valid until April 9, 2032. The process of taking over from TCE the license of the site with the registration no. 1247, limited to the royalty term, was complete in the second quarter of 2023. The mining operation license for the site with the license no. 1247 is valid until 21 June 2026, and after the expiry of the license term, the license term can be extended until the end of the royalty term.

j) Information on Conflicts of Interest Between the Company and Institutions from Which It Procures Services in Matters such as Investment Consultancy and Rating, and on Measures Taken by the Company to Prevent such Conflict of Interest

N/A.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

III. OPERATIONS OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
(cont'd)

k) Research and Development Studies

N/A.

l) Donations and Aid Granted and Social Responsibility Projects

The Group made donations and grants amounting to TL 537,167 in 2023. TL 380,271 of the aforementioned donations consists of the donations made to the aid campaign launched by the Ministry of Internal Affairs, Disaster and Emergency Management Presidency, after the earthquake disaster which occurred on 6 February 2023.

IV. FINANCIAL POSITION

a) Summary of Financial Statements

| SUMMARY BALANCE SHEET (TL) | 31/12/2023 | 31/12/2022 |
|-----------------------------------|----------------------|----------------------|
| Current Assets | 423,544,844 | 354,693,767 |
| Non-Current Assets | 2,658,067,991 | 2,766,880,258 |
| TOTAL ASSETS | 3,081,612,835 | 3,121,574,025 |
| Current Liabilities | 174,749,828 | 208,571,838 |
| Non-Current Liabilities | 154,053,217 | 260,132,599 |
| Shareholders' Equity | 2,752,809,790 | 2,652,869,588 |
| TOTAL LIABILITIES | 3,081,612,835 | 3,121,574,025 |

| SUMMARY INCOME STATEMENT (TL) | 31/12/2023 | 31/12/2022 |
|--|--------------------|----------------------|
| Revenue | 397,477,028 | 387,699,031 |
| Gross profit | 151,350,351 | 150,836,819 |
| Operating Profit | 58,525,007 | 58,126,138 |
| Income / (Expenses) from Investment Operations - net | 287,503,075 | 69,424,187 |
| Financing Income | 472,824,845 | 443,616,694 |
| Financing Expenses | (2,446,013) | (2,381,325) |
| Net Monetary Position Losses | (407,764,614) | (626,070,369) |
| Profit Before Tax | 408,642,300 | (57,284,675) |
| Tax Income/(Expense) | (70,669,693) | (168,256,524) |
| Profit from Ongoing Operations | 337,972,607 | (225,541,199) |

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IV. FINANCIAL POSITION (cont'd)

b) Key Indicators and Ratios

| Quick Ratios | 31/12/2023 | 31/12/2022 |
|---------------------|-------------------|-------------------|
| Current Ratio | 2.42 | 1.70 |
| Quick Ratio | 2.19 | 1.56 |

(*) Current Ratio: Current Assets / Current Liabilities, Quick Ratio: Current Assets - Inventories / Current Liabilities

| Financial Structure Ratios | 31/12/2023 | 31/12/2022 |
|--|-------------------|-------------------|
| Total Liabilities / Shareholder's Equity | 11.94% | 17.67% |
| Current Liabilities / Total Assets | 5.67% | 6.68% |
| Non-Current Liabilities / Total Assets | 5.00% | 8.33% |
| Tangible Assets / (Shareholder's Equity + Non-Current Liabilities) | 31.93% | 25.40% |

| Profitability Ratios | 31/12/2023 | 31/12/2022** |
|-----------------------------------|-------------------|---------------------|
| Net Profit / Total Assets | 10.97% | - |
| Net Profit / Shareholder's Equity | 12.28% | - |

(**) Ratios were not calculated since no net profit was generated.

General Assessment

As a result of the mining operations started in 2019 within the scope of the preliminary mining planning which was put into practice by Konya İlgin, a net revenue of TL 239,551,471 was generated in 2023 ((2022/12: TL 245,226,131) from the sale of totally net 210,738 tonnes of coal (2022/12: 300,654 tonnes). In addition to coal sales, Park Elektrik generated a royalty income of TL 156,368,548 (2022/12: TL 136,283,109) in return for 1,842,295 tonnes of bauxite produced in 2023 (2022/12: 1,541,249 tonnes) as part of the production operations of CTC Enerji, which operates by royalty method the bauxite site in İslahiye, Gaziantep, the operating license of which is held by the Company. In addition, a revenue of TL 1,488,394 was generated from clay sales (2022/12: TL 4,918,443).

A gross profit of TL 151,350,351 was generated as part of the mining operations in 2023, (2022/12: TL 150,836,819). With the effect of other operating expenses incurred, particularly the provisions for lawsuits, the Group generated an operating profit of TL 58,525,007 (2022/12: TL 58,126,138).

In the current period, the Group generated a total financial income of TL 466,952,416 (2022/12: TL 443,130,898), arising from the receivable from its controlling shareholder Park Holding A.Ş. in the amount of TL 554,067,050 as of the end of 2023, which was reported under the "Other Receivables from Related Parties" item. As of 31 December 2023, balance of non-trade receivables from Park Holding A.Ş. consists of balances both in foreign currency and in Turkish Lira, and the balance of foreign currency is USD 18,095,960. At the end of 2022, the related foreign currency balance was USD 28,458,268.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IV. FINANCIAL POSITION (cont'd)

b) Key Indicators and Ratios (cont'd)

General Assessment (cont'd)

The Group has caused the fair values of its investment properties to be determined as of 31 December 2023, and reported and income from investment operations of TL 272,690,082 (2022/12: TL 75,866,459) due to the increase in the value of the relevant properties. Within the scope of inflation accounting, the fair values of the investment properties, determined as of 31 December 2020, were indexed and carried forward to 2022 and 2023, and the value increases reported in the income statement were determined by comparing the fair values in 2022 and 2023 with the said indexed values. For this reason, a decrease was recognized in the value increases, due to the investment properties reported in the income statement before the inflation accounting in 2023 and 2022.

"Law on Levying Additional Motor Vehicle Tax for Compensation of Economic Losses Caused by the Earthquakes Which Occurred on 6 February 2023 and on Amending Certain Laws and the Decree Law No. 375", which was published in the Official Gazette dated 15 July 2023, the corporate tax rate was increased from 20% to 25% (from 25% to 30% for Financial Institutions), and the tax exemption of 50% as prescribed by the Law no. 5520 for earnings from sales of real estate properties was abolished. However, this exemption will apply as 25% to the sales of real estate properties included in the assets of the businesses before 15 July 2023. In addition, in accordance with the General Communiqué on the Tax Procedure Law,

which was published in the Official Gazette no. 32415 dated 30 December 2023 (2nd Duplicated Issue), the values in legal records of the Group's investment properties were indexed in accordance with inflation accounting as of 31 December 2023, and their adjusted values were determined in this way.

The fair value determinations of the Group's investment properties, the inflation accounting and the tax rate changes summarized above have had an impact on the Group's deferred tax position. As of 31 December 2023, a deferred tax asset of TL 6,107,167 was recognized for the Groups subsidiary Konya Ilgın, while a deferred tax liability of TL 102,495,159 was recognized within the Company's own legal entity.

In accordance with the decision no. 81/1820 dated 28 December 2023 of CMB, it was decided that issuers that apply TFRS and are subject to the financial reporting regulations of CMB will apply inflation accounting, by applying the provisions of TAS 29 "Financial Reporting in Hyperinflationary Economies" Standard ("TAS 29") starting from their annual financial statements for their periods ending as of 31 December 2023. The Group applied TAS 29 in its consolidated financial statements for the year ending as of 31 December 2023, prepared in accordance with TFRS. For this reason, the date of first application of TAS 29 by the Group was determined as 1 January 2022.

As of 1 January 2022, the amount of accumulated profits recognized, including the net profit for the relevant period without inflation adjustment, is TL 716,032,801. The accumulated losses recognized in the consolidated financial statements prepared in accordance with TAS 29 within the scope of the first transition to inflation, are TL 390,264,510, and the balance of this amount, calculated in accordance with the purchasing power as of 31 December 2023, is TL 1,056,336,014. The aforementioned effect was generally influenced by the fact that Group's use of foreign resources is very low and its shareholders' equity structure is relatively strong, and that no significant increase was recognized in the values of its non-monetary assets arising from inflation accounting due to the revaluation model to which they are subject.

The financial structure ratios continue to remain at positive levels due to the Group's strong shareholders' equity and low indebtedness, with a Total Debt/Shareholders' Equity ratio of 11.94% as of the end of 2023. The Group is expected to maintain its strong equity-based structure in 2024.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IV. FINANCIAL POSITION (cont'd)

c) Financing Resources of the Corporation

As of 31 December 2023, percentage of the Group's current- and non-current liabilities in total liabilities is 10.67%, and the Group finances its operations to a large extent with the shareholders' equity. There is no situation of non-reciprocated capital.

d) Nature and Amount of the Issued Capital Market Instruments

No capital market instruments were issued by the Company during the period. With the decision dated 21 September 2023 of the General Assembly of the Company's subsidiary Konya İlgin, it was decided to increase its paid-up capital from TL 126,250,000 TL to TL 300,000,000. The increased capital amount of 173,750,000 TL was fully covered by the cash receivables from the Company of Park Elektrik, the sole shareholder of Konya İlgin.

e) Dividend Distribution Policy

The Company distributes dividends within the framework of the capital markets legislation, provisions of TCC, tax regulations and other relevant legislation, and the article on dividends of the Articles of Association. Pursuant to the Company's current Articles of Association, there are no preferences regarding distribution of dividends. The dividend shall be distributed equally to all shares existing as of the distribution date, regardless of their issuance and acquisition dates.

The dividend distribution percentage is decided every year by the General Assembly, and, to the extent permitted by the relevant regulations and financial conditions, dividends may be distributed in cash or by distribution to shareholders of the bonus shares to be issued by adding the dividends to the capital, or by distributing a certain percentage of cash and a certain percentage of bonus shares, considering the general economic expectations, the Company's growth targets, investment and financing policies, profitability and cash position.

Dividends are distributed after such distribution is submitted to the General Assembly for approval as a proposal of the Board of Directors and the dividend to be distributed is determined, at the latest as of the end of the period in which the General Assembly meeting which decided upon the distribution of dividends was held. In accordance with the Company's Articles of Association, the Board of Directors may distribute advance dividends, provided that it is authorized by the General Assembly and in compliance with the capital market regulations.

At the Ordinary General Assembly meeting for 2022, which was held on 19 June 2023, in line with the proposal of the Company's Board of Directors, the proposal to distribute a total gross dividend of TL 170,000,000 in cash, and to determine the dividend distribution date as 3 October 2023, was approved. In accordance with subparagraph (c) of paragraph two of Article 519 of TCC, the General Assembly also decided to set aside a total of TL 16,255,664 as general legal reserves, due to the dividends distributed. The relevant dividend payment was made in accordance with the decision of the General Assembly. The total amount of dividend payment, excluding the repurchased shares, calculated based on the purchasing power as of 31 December 2023, is TL 231,755,724, and the amount set aside as general legal reserve is TL 22,362,893.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

V. ELECTRICITY INDUSTRY ASSESSMENT

a) Information on the Industry in which the Company Operates, the Company's Position in the Industry

The Group is currently in the investment process and plans to operate mainly in the electricity generation sector as well as mining operations, after completion of the thermal power plant investment within it.

In 2023, Türkiye's electricity consumption decreased by 0.24% compared to the previous year and was recognized at a level of 330,308 GWh. During the same period, electricity generation decreased by 0.63%, and the total electricity generation in 2023 was recognized as 326,302 GWh.

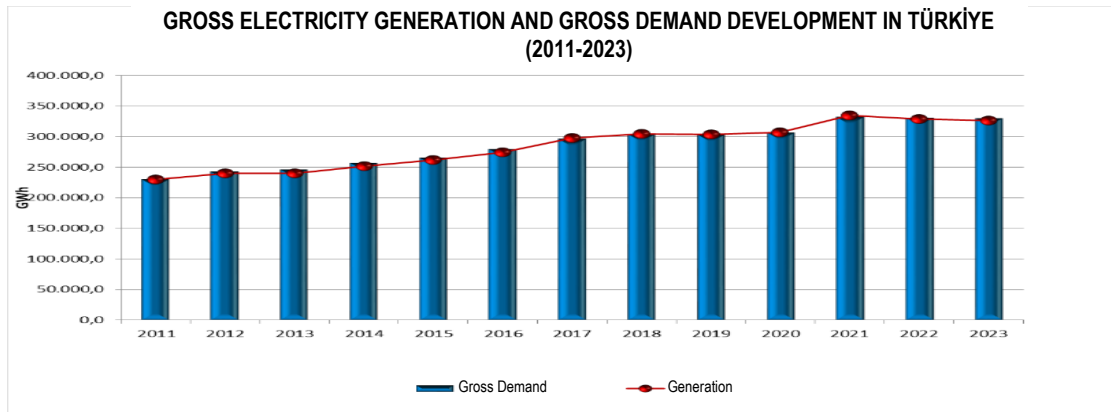
In December 2023, the average spot electricity price was recognized at a level of approximately TL 2,075/MWh, with a decrease of approximately 44% compared to December 2022. Based on average annual electricity sales prices, the decrease compared to the previous year was recognized at a level of approximately 12.62%. In 2022, the average electricity sales price was 2,505 TL/MWh, while in 2023 it was 2,189 TL/MWh.

Due to the decline in the energy commodity prices in international markets, the high increase trend in electricity sales prices, suffered especially in the second half of 2022, gave way to a decline in 2023. Spot electricity prices were approximately 100% above their level in the first quarter of 2023 compared to the same period of 2022, while electricity prices declined in the second quarter of 2023 and remained 10% below their level in the same period of 2022. Although spot electricity prices increased in the third quarter of 2023 compared to the second quarter, they remained 32% below the spot price average of the third quarter of 2022. It is seen, having examined the data of fourth quarter, that although spot electricity prices increased in the fourth quarter of 2023 compared to the third quarter, they were approximately 40% lower than the average of the fourth quarter of 2022.

| | Dec.22 | Dec.23 | Change | 2022 | 2023 | Change |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Generation (GWh) | 26,811 | 27,752 | 3.51% | 328,379 | 326,302 | -0.63% |
| Consumption (GWh) | 27,274 | 28,153 | 3.22% | 331,105 | 330,308 | -0.24% |
| Average Spot Price (TL/MWh) | 3724.41 | 2075.00 | -44.29% | 2505.61 | 2189.30 | -12.62% |

Reference: TEİAŞ Sector Reports, TEİAŞ YTBS (Load Dispatching Information System), EPIAŞ

Having examined the trend of electricity generation values of Türkiye by years, it is observed that electricity generation was on an upward trend every year, except for a decrease of 0.30% in 2019. The average increase in the 10-year period of 2012 - 2022 was 3.89%. However, in contrast to previous years, electricity generation decreased by 1.90% in 2022. The decline in the electricity generation levels continued in 2023, and electricity generation decreased by 0.63% compared to 2022.



Reference: TEİAŞ

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

V. ELECTRICITY INDUSTRY ASSESSMENT (cont'd)

a) Information on the Industry in which the Company Operates, and the Company's Position in the Industry (cont'd)

A significant portion of the investments that were put into practice in the Turkish electricity generation sector in the last 3 to 4 years were achieved based on renewable energy resources, with the effect of the incentives provided as well, and the energy supply problems suffered in the recent period both globally and in our country have once again demonstrated the importance of having reliable base load power plants with a high availability, as well as increasing the diversity of resources to be used for electricity generation. In this context, many countries are reviewing their energy policies in the light of developments, and the utilization of lignite sites, which occupy an important place among domestic fossil fuels, remains important for the national energy policy of our country. According to Turkish National Energy Plan, it is anticipated that domestic coal-fired power plants with an installed capacity of 1.7 GW will be put into operation by 2030, and it is expected that electricity generation from coal-fired power plants will continue to decrease until 2053.

Distribution of Installed Capacity and Generation by Energy Resources

According to TEİAŞ ("Turkish Electricity Transmission Company") Load Dispatching Information System data, total installed capacity in the sector as of 31 December 2023 was recognized as 107,050 MW, with a net increase of 3,045 MW compared to the previous year (after having taken into account the plants which were shut down and the capacity of which was reduced).

It is seen, having examined the change in the installed capacity by fuel type, that the increase in installed capacity was driven by renewable energy resources, being to a large extent solar (2,060 MW), wind (410 MW) and hydroelectric (393 MW) power plants, as well as by biomass (164 MW) power plants.

It is seen, having analyzed the distribution of the installed capacity of Türkiye by energy resources, that hydropower, natural gas and coal-fired power plants respectively take the first three places in 2023. The percentages of these three groups in total installed capacity are at a level of approximately 30%, 24% and 20% respectively.

According to the electricity generation-Consumption Sector Report published by TEİAŞ, it is seen, having examined the distribution of total electricity generation among energy resources in 2023, that the highest change compared to the previous year was recognized in "Hard coal + imported coal + asphaltite" power plants with an increase of 2.82%. The production at the imported coal power plant that was put into operation was effective in this increase. The share of lignite-fired power plants in production decreased by 1.20% compared to the previous year. Despite this, it is seen that coal-fired power plants are the largest energy resource with a share of approximately 36.25%. It was observed that the share of natural gas power plants, which had the highest share in production in the past periods, decreased compared to the previous year, and that the electricity generation from natural gas was recognized at a level of 21.38%.

It is seen that the share of hydroelectric power plants in production decreased significantly compared to the same period of the previous year due to low rainfall. Electricity generation from hydroelectric power plants decreased by 0.78% compared to the previous year and was recognized as 19.56%.

It is seen, having compared the data of 2023 with that of 2022, that there was a decrease in the share in production of hydroelectric power plants (from 20.34% to 19.56%) and natural gas-fired power plants (from 22.86% to 21.38%), while there was an increase in coal-fired power plants (from 34.63% to 36.25%) and geothermal, wind and solar power plants (from 19.17% to 19.54%).

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

V. ELECTRICITY INDUSTRY ASSESSMENT (cont'd)

a) Information on the Industry in which the Company Operates, and the Company's Position in the Industry (cont'd)

Incentive Practices in the Electricity Market

In recent years, the public authority has been providing various support to power plants that generate power from domestic resources with renewable energy, with the aim of reducing external dependence in energy, ensuring sustainable growth, reducing the current deficit and supporting the electricity generation sector.

The most important of these incentives is Renewable Energy Support Scheme (YEKDEM). The new support scheme to be implemented for renewable energy power plants that will be put into operation from 1 July 2021 to 31 December 2030, was published in the Official Gazette dated 30 January 2021, and the prices and updated conditions to be applicable to the production plants with a Renewable Energy Resource Certificate were revised with the Presidential Decree which was published in the Official Gazette on 1 May 2023. Pursuant to the aforementioned decision, the price support to be provided to the renewable energy power plants to be commissioned between the aforementioned dates will be provided in Turkish Lira, and the prices will be monthly updated according to the change in inflation rates (PPI/CPI) and exchange rates (EUR/TL and USD/TL). When updating prices, upper price caps in USD are applicable. Except for geothermal and pumped storage hydroelectric power plants, power plants will benefit from the purchase guarantee for 10 years. The utilization period of geothermal and pumped storage hydroelectric production plants will be 15 years. The implementation period of the domestic contribution share is set as 5 years. However, the implementation period of the domestic contribution for electricity storage plants, pumped storage hydroelectric production plants and wave or current energy based production plants was determined as 10 years.

YEKDEM prices for December 2023, announced by EPIAŞ, were recognized as 191.78 kurus/kWh for run-of-the-river hydroelectric power plants, 150.58 kurus/kWh for wind and solar power plants, and 286.97 kurus/kWh for geothermal power plants. In addition to YEKDEM prices, local component support to be applicable was determined as 40.92 kurus/kWh.

Since 2018, when there was a currency shock due to the fact that the electricity sales revenues of power plants outside the scope of YEKDEM in recent years were denominated in Turkish Lira and the investments were largely financed in foreign currency, both existing power plants and ongoing projects in this site, with the exception of renewable energy power plants, have been exposed to high currency risk.

In addition, EMRA has made a differentiation between power plants in the maximum settlement price regarding the electricity price formed within EPIAŞ, with the new regulation it has put into practice at the beginning of April 2022. The maximum price implementation, which was the same for all market actors before the decision, was set at TL 2,500/MWh for imported coal and natural gas power plants, while it was set at TL 1,200/MWh for all other power plants. In this framework, a policy was adopted to subsidize part of the costs of natural gas and imported coal power plants with high production costs, which determine the price formation in the market, by other producers in the market in order to allow them to continue production. This circumstance caused other power plants, particularly domestic coal-fired power plants, to sell electricity well below the market price and their profitability to be adversely affected. Generation plants included in the Renewable Energy support scheme are excluded from the maximum settlement price implementation.

The Maximum Settlement Prices were recognized in the period of April - September 2022 within the framework of the specified escalation mechanism, as follows:

| RESOURCE TYPE | Apr.22 | May.22 | Jun.22 | Jul.22 | Aug.22 | Sep.22 |
|---|----------|----------|----------|----------|----------|----------|
| IMPORTED COAL | 2,500.00 | 2,731.99 | 3,062.26 | 3,556.52 | 3,426.83 | 3,372.67 |
| NATURAL GAS / FUEL OIL / DIESEL / NAPHTHA | 2,500.00 | 2,512.86 | 2,896.08 | 2,902.62 | 3,172.01 | 4,619.41 |
| OTHER (Including Domestic Coal) | 1,200.00 | 1,277.99 | 1,369.98 | 1,412.12 | 1,452.52 | 1,488.21 |

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

V. ELECTRICITY INDUSTRY ASSESSMENT (cont'd)

a) Information on the Industry in which the Company Operates, and the Company's Position in the Industry (cont'd)

Incentive Practices in the Electricity Industry (cont'd)

The maximum settlement price implementation, which was put into effect on 1 April 2022, was introduced for a period of 6 months and was planned to end on September 30. However, due to the persistence of current conditions and the continued rise in energy commodity prices, it was decided to apply for an additional 6 months until 31 March 2023. However, in light of the low maximum settlement price set specifically for domestic coal-fired power plants and changing price levels, the maximum price levels have been reviewed and updated for the new implementation period. In accordance with the change, the maximum settlement price for imported coal and natural gas-fired power plants was reduced, while the maximum settlement price for domestic coal-fired power plants was increased by creating a separate item.

The maximum settlement base prices applicable for the period of October 2022 - January 2023 were recognized as follows:

| RESOURCE TYPE | Oct.22 | Nov.22 | Dec.22 | Jan.23 | Feb.23 | Mar.23 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| IMPORTED COAL | 2,750.00 | 2,178.53 | 2,493.69 | 1,980.81 | 1,668.59 | 1,673.88 |
| NATURAL GAS / FUEL OIL / DIESEL / NAPHTHA | 4,500.00 | 4,500.82 | 4,501.34 | 4,136.34 | 3,548.10 | 2,960.00 |
| DOMESTIC COAL | 2,050.00 | 2,057.11 | 2,058.52 | 2,162.71 | 2,180.06 | 2,192.95 |
| RENEWABLE RESOURCES | 1,540.00 | 1,545.34 | 1,546.40 | 1,624.67 | 1,637.71 | 1,647.39 |

Following the decision to extend the aforementioned implementation for the second time, it was decided to implement it from 1 April 2023 to 30 September 2023. Due to the decrease in both natural gas and imported coal prices in the international commodity market, and with the aim of reducing electricity generation costs in the national market, maximum price levels for the 3rd period were reviewed and updated. With this change, maximum settlement prices based on imported coal and renewable resources were increased, while maximum settlement prices based on domestic coal and natural gas were decreased.

Maximum settlement base prices determined for April 2023 and the prices formed by escalation calculation for the period of April 2023 - September 2023 were recognized as follows:

| RESOURCE TYPE | Apr.23 | May.23 | Jun.23 | Jul.23 | Aug.23 | Sep.23 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| IMPORTED COAL | 1,800.00 | 1,660.18 | 1,806.30 | 2,037.68 | 2,128.85 | 2,223.84 |
| NATURAL GAS / FUEL OIL / DIESEL / NAPHTHA | 2,550.00 | 2,553.17 | 2,581.72 | 2,628.25 | 2,635.08 | 2,636.71 |
| DOMESTIC COAL | 1,800.00 | 1,825.64 | 2,059.42 | 2,307.67 | 2,383.93 | 2,411.93 |
| RENEWABLE RESOURCES | 1,700.00 | 1,724.21 | 1,945.01 | 2,179.47 | 2,251.50 | 2,277.94 |

The aforementioned implementation was terminated after September 2023.

Another advantage for domestic coal-fired power plants is the Electricity Market Capacity Mechanism Regulation, which entered into force by being published in the Official Gazette on 20 January 2018. In this context, capacity payments are made to generating plants that meet the conditions specified in the regulation, primarily those using domestic resources. In May 2021, with the amendment of the Electricity Market Capacity Mechanism Regulation, power plants built using the build-operate method and power plants generating with foreign resources older than 13 years were also included in the Capacity Mechanism.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

V. ELECTRICITY INDUSTRY ASSESSMENT (cont'd)

a) Information on the Industry in which the Company Operates, and the Company's Position in the Industry (cont'd)

Incentive Practices in the Electricity Industry (cont'd)

With the amendment of the Regulation published in the Official Gazette on 18 December 2021, it was decided that 50% of the payment system of the Capacity Mechanism will be based on the free market electricity sales prices and the fixed and variable cost components determined for different resource types. While 56.5% of the capacity pay distributed by TEİAŞ was paid to Domestic Coal-Fired power plants in 2021, the share of domestic coal-fired power plants in the capacity mechanism decreased to 23.6% in 2022, while the share of natural gas power plants and hydroelectric power plants were recognized as 67.35% and 9.02%, respectively.

While the number of plants that will benefit from the Capacity Mechanism was set at 50 in 2023, 3 plants will be added to the Capacity Mechanism list upon completion of their capacity increase. In the first quarter of 2023, an average of 73% of the capacity pay distributed by TEİAŞ was paid to natural gas power plants, while 20% of it was paid to domestic coal-fired power plants and 7% of it to hydroelectric power plants. In the second quarter of 2023, the share paid to natural gas power plants was recognized at an average of 58%, while 32% was paid to domestic coal-fired power plants and 10% to hydroelectric power plants. In the third quarter of 2023, an average of 67% of the capacity pay distributed by TEİAŞ was paid to natural gas power plants, while 25% of it was paid to domestic coal-fired power plants and 7% of it to hydroelectric power plants. In the fourth quarter of 2023, an average of 56% of the capacity pay was paid to natural gas power plants, while 37% of it was paid to domestic coal-fired power plants and 8% of it to hydroelectric power plants. Approximately 64% of the capacity support for 2023, which was distributed as 4,000,000,000 TL, was paid to natural gas-fired power plants, while 28% of it was paid to domestic coal-fired power plants and 8% of it to hydroelectric power plants.

With the amendment to the Regulation which was made in early 2024, hydroelectric power plants were excluded from the scope of the Capacity Mechanism, and it was decided that 75% of the payment system of the Capacity Mechanism will be based on the free market electricity sales prices and the fixed and variable cost components determined for different resource types.

Taking all these regulations into account, it is considered that the public authority has recently shifted from a policy of promoting the use of domestic resources to a set of policies that prioritize supply security and ensure that electricity price increases are not passed on to consumers as much as possible. It is considered that policies that encourage domestic resources may be prioritized again in the coming period, depending on the course of the conditions in the electricity market. It is considered that the elimination of ambiguities regarding the continuity of all these incentive mechanisms will positively affect the investment climate in the electricity sector.

Paris Agreement

The Paris Agreement entered into force in 2016, with the aim of improving the implementation of the United Nations Framework Convention on Climate Change and mitigating the adverse effects of climate change.

For the Paris Agreement to enter into force in the countries where it is signed, it must also be ratified by those countries' parliaments. On 6 October 2021, the Paris Agreement was officially adopted and ratified by the Grand National Assembly of Türkiye, while Türkiye was the only OECD and G20 member that had signed but not ratified the Paris Agreement.

In its Intended Nationally Determined Contribution that it announced in 2016, Türkiye also anticipated a "reduction from an increase", stating that it plans to reduce its emissions, which it anticipates to increase to 1 billion 175 tonnes in 2030, to 929 million tonnes through the measures it will take.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

V. ELECTRICITY INDUSTRY ASSESSMENT (cont'd)

a) Information on the Industry in which the Company Operates, and the Company's Position in the Industry (cont'd)

Paris Climate Agreement (cont'd)

At the COP27 Climate Summit which was held in November 2022, Türkiye's updated Nationally Determined Contribution was announced, stating that Türkiye's emission target of a reduction from an increase of 21%, which it set for 2030, has been increased to 41%.

The extent to which coal and fossil fuel-based electricity generation will be affected by emission mitigation targets is uncertain. Within the framework of the Paris Agreement, Türkiye's emission targets and the policies to be implemented to achieve these targets will play an important role in shaping the investment environment in the electricity sector.

VI. RISKS, AND ASSESSMENTS OF THE BOARD OF DIRECTORS

Park Elektrik conducts its operations in a transparent, accountable, fair and responsible manner. The Board of Directors, taking into account the opinions of the relevant committees of the Board of Directors, establishes internal control systems, including risk management and information systems and processes, that can minimize the impact of risks that may affect the Company's stakeholders, in particular shareholders.

With the decision dated 12 September 2013 of the Board of Directors, a Committee for Early Detection of Risks was established within the Company in accordance with the Corporate Governance Principles Communiqué. The purpose of the Committee, which reports to the Board of Directors, is to identify, analyze, measure, monitor and report strategic, financial and operational risks that may affect the Company's operations, and to mitigate and prepare for both controllable and uncontrollable risks. As part of this role, the Committee makes suggestions and recommendations to the Board of Directors.

In addition, an Audit Committee has been established within the Board of Directors for the purpose of internal control of the financial reporting process, and the necessary reports are submitted to the Board of Directors on a quarterly basis.

VII. INFORMATION ON RELATED PARTY TRANSACTIONS AND BALANCES

Explanations regarding the related party transactions and balances covering the period of 1 January 2023 - 31 December 2023, are given in footnote 23 to the consolidated financial statements for the relevant period.

As of 31 December 2023, the Group's total trade and non-trade receivables from related parties amounted to TL 582,051,338. This amount was reported as TL 948,837,373 in the financial statements dated 31 December 2022. Of total receivables, TL 27,984,288 were trade receivables and TL 554,067,050 were non-trade receivables. All non-trade receivables were due from Park Holding A.Ş. As of 31 December 2023, the balance of non-trade receivables from Park Holding A.Ş. consists of both foreign currency and Turkish Lira, and the balance of foreign currency is USD 18,095,960. At the end of 2022, the related foreign currency balance was USD 28,458,268.

In 2023, the interest rates charged on commercial and financial transactions in TL were 20.33% from January to March, 24.44% from April to June, 34.28% from July to September and 49.29% from October to December (in 2022, 20.14% from January to March, 20.21% from April to June, 22.09% from July to September and 18.75% from October to December). The interest rates charged on financial transactions in USD were 5.3% from January to March, 5.64% from April to June, 6.15% from July to September and 6.23% from October to December (in 2022, 2.72% from January to March, 3.78% from April to June, 5.67% from July to September and 5.83% from October to December).

**ANNUAL REPORT OF THE BOARD OF DIRECTORS ,
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

VII. INFORMATION ON RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

In accordance with the Group's policy, interest rates are re-determined every quarter by taking the arithmetic average of the current deposit and commercial loan interest rates announced by the Central Bank of the Republic of Türkiye, provided that they are not below the deposit interest rates for the fund lender.

The total financial income generated in 2023 from non-trade receivables from Park Holding A.Ş. amounted to TL 466,952,416.

The Board of Directors of the Company has prepared a report explaining the relations with the controlling shareholder and its subsidiaries within the scope of the provisions of the Turkish Commercial Code and the conclusion part of the said report:

"In the legal transactions carried out by our Company with our controlling shareholder Park Holding and its subsidiaries in the fiscal year 2023, it was assessed that an arm's length performance was achieved in each transaction, that the said transactions did not cause any loss to our Company, and that the interests of our Company were observed and protected within the framework of the rules of honesty through transactions carried out within the framework of the "arm's length principle" and market rules; in fiscal year 2023, it was concluded that there were no legal transactions made with the controlling shareholder of our Company, Park Holding and its subsidiaries and their directives for the benefit of Park Holding or any subsidiary, and there were no measures taken or avoided for the benefit of Park Holding or any subsidiary."

VIII. EVENTS AFTER THE REPORTING DATE

In the lawsuit which was heard at Ankara 21st Administrative Court with the file no. 2023/11 against the revocation of the 49-year electricity generation license dated 27 February 2013 of the Company's subsidiary Konya Ilgın with the decision no. 11321-10 dated 27 October 2022 of EMRA, the Company filed an appeal with Ankara Regional Administrative Court, requesting for nullity of the aforementioned decision of rejection of Ankara 21st Administrative Court, which decided to reject Konya Ilgın's request for nullity, and for the stay of execution and nullity of the decision no. 11321-10 dated 27 October 2022 of EMRA.

8th Administrative Law Chamber of Ankara Regional Administrative Court decided, as a final decision, to reject Konya Ilgın's request for a stay of execution, since it considered that the request was not of a nature that would require a stay of execution of the decision taken by Ankara 21st Administrative Court and of the contested action. The judicial process regarding the merits of the case is ongoing within the scope of the appeal application.

The royalty agreement, which was signed on 15 April 2019 and was to expire on 15 April 2024, was amended upon the request by CTC Enerji, by mutual agreement of the parties, and the term of the royalty agreement was extended until 14 December 2028, which is the date of expiry of the. In case the license term is extended, the term of the royalty agreement may be extended considering the current conditions, provided that the parties mutually agree.

Within the framework of the amendment to the agreement, the royalty fee paid to the Company as USD 2.70 per each tonne of mineral to be produced from the bauxite site, was determined to be USD 3.20, effective from 15 April 2024, and the amount that will constitute the basis for the royalty fee to be paid cannot be lower than amount to be paid for minimum committed production volume. CTC Enerji's minimum production commitment of 1,000,000 tonnes, which is valid for the current fifth royalty year, will continue to be valid for each royalty year until the end of the agreement period.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IX. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

a. Declaration of Compliance with Corporate Governance Principles

Our Company started to work on the Corporate Governance Principles, which were first announced to the public by the CMB in July 2003, immediately after the publication of the Principles. By the end of 2004, the Company had completed its initial work on compliance with the Corporate Governance Principles and had complied with all subsequent updates.

Within this framework, the Company has fully incorporated the concepts of equality, transparency, accountability and responsibility, which form the basis of corporate governance, into its management approach.

The Company has complied with all of the compulsory principles and the majority of the non-compulsory principles within the scope of the CMB's Communiqué on Corporate Governance No. II-17.1, which entered into force by being published in the Official Gazette on 03.01.2014. Although the Company aims to achieve full compliance with the non-compulsory principles, full compliance has not yet been achieved due to existing difficulties in implementation, periodic changes related to the Company, and ongoing discussions in Türkiye and in international markets regarding the application of some principles.

The "Corporate Governance Compliance Report" ("CGCR") and the "Corporate Governance Information Form" ("CGIF") for the period of 2023, prepared in accordance with the decision no. 2/49 dated 10.01.2019 of the Capital Markets Board and the Communiqué on Corporate Governance no. II-17.1, were publicly disclosed at www.kap.org.tr on 25 April 2024.

For the period which ended on 31 December 2023, compliance with the corporate governance principles annexed to the Communiqué on Corporate Governance and explanations regarding the voluntary principles that have not yet been complied with are included in the relevant sections of the Corporate Governance Compliance Report ("CGCR") and Corporate Governance Information Form ("CGIF").

If the content of the relevant forms changes significantly during the reporting period, the relevant development will be communicated to the public by updating the Public Disclosure Platform, and the relevant information will also be included in the interim report.

b. Corporate Governance Policies

The Company's applicable corporate governance policies were disclosed to the public by being published on the Company's corporate website at www.parkalektrik.com.tr under the title of "Corporate Governance".

c. Investor Relations Department

As of 26 April 2005, the Company established an Investor Relations Department to ensure the exercise of shareholders' rights and communication between the Company's management and shareholders. The Investor Relations Department reports to the Capital Markets Director. The Investor Relations department carries out its duties in cooperation with the Board of Directors, the committees established within the Board of Directors and the executives responsible for financial affairs and financial reporting.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IX. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE (CONT'D)

c) Investor Relations Department (cont'd)

Ayşe Yıldırım Yüksel is holding office as the department manager of the Investor Relations Department. Contact and licensing information for the Investor Relations Department Manager is provided below:

| Name | Position | Type of License | License No. | Contact Details |
|----------------------|---------------------------------------|--|--------------------|--|
| Ayşe Yıldırım Yüksel | Investor Relations Department Manager | Capital Markets Operations Level 3 License - Corporate Governance Rating License | 205653 - 927298 | Tel: 0216 5312533 Fax: 0216 5312571 yatirimci.iliskileri@cinergroup.com.tr investor.relations@cinergroup.com.tr |

Written and oral requests for information submitted to the department by investors and all other stakeholders are responded to in writing and/or orally by the Investor Relations Department with the knowledge and approval of the higher authority to which it reports.

Information and meeting requests from investors and all other stakeholders are evaluated by the Investor Relations Department within the framework of the Disclosure Policy and all information is shared within the framework of what has been previously disclosed to the public. The Company does not provide guidance to investors regarding expectations for the Company's operating results or share price performance.

In addition, opinions and requests for information received from our shareholders by telephone and electronic mail are responded to in a manner that does not create an information imbalance, excludes confidential information and business secrets, and ensures that our investors are informed.

d) Exercise by the Shareholders of their Right to Information

Shareholding rights are exercised in accordance with the law, the Articles of Association and other relevant regulations; all shareholders are treated equally in the exercise of their right to receive and review information; and information that does not constitute trade secrets is shared with all shareholders on an equal basis.

The Company's corporate website, www.parkelektrik.com.tr, under the Investor Relations and Corporate Governance sections, is designed to provide investors with the maximum amount of information in the shortest amount of time in a simultaneous, accurate, fast, complete and understandable manner.

e) General Assembly Meetings

The Ordinary General Assembly Meeting of Park Elektrik Üretim Madencilik Sanayi ve Ticaret Anonim Şirketi for 2022 was held on 19 July 2023 at the Company's head office. The General Assembly convened with an attendance percentage of 68.00%. The Company's 2022 Ordinary General Assembly Meeting was also held electronically and shareholders with a total nominal value of TL 2 participated in the meeting electronically.

At the General Assembly, all items on the agenda were communicated in a clear, impartial and understandable manner, and shareholders were able to participate in the voting process under equal conditions. Shareholders had the right to ask questions at the General Assembly, and these questions were answered in detail by the Chairman of the Board of Directors and other relevant persons. There were no unanswered written questions during the meeting, which were forwarded to the Investor Relations Department.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IX. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE (CONT'D)

f) Voting Rights and Minority Rights

The Company's Articles of Association do not provide for any privileges with respect to the exercise of voting rights. Each share has one voting right. There is no provision in the Articles of Association that prevents a person who is not a shareholder from voting by proxy.

The shareholders who hold less than one-twentieth of the share capital are not granted minority rights, and they are provided with the rights enumerated in general regulations in the legislation.

g) Structure, Duties and Authorities of the Board of Directors

The Board of Directors consists of a total of 9 members. The Board of Directors consists of executive and non-executive members. The Board of Directors is vested with the duties and authorities set forth in the Turkish Commercial Code, capital market legislation and the Company's Articles of Association.

Pursuant to the Internal Directive on the Delegation of Management, the members of the Board of Directors delegate to the executive members of the Board of Directors the duties and authorities in the areas of responsibility set forth in Article 7 of the Directive, in order to ensure that the Company's operations are carried out efficiently.

Currently, there are 2 female members on the Board of Directors. The Corporate Governance and Nomination Committee has set a target of 25% female representation on the Board of Directors and has established a policy to this effect.

While the Board of Directors took a total of 17 decisions in 2023, 5 of these decisions were signed by circulation following assessments made through other channels, without physically convening. Members of the Board of Directors have been regularly informed of the financial performance and operations of the Company.

h) Assessment of the Board of Directors Regarding the Working Principles and Effectiveness of the Committees Established within the Board of Directors, Including Their Members, Frequency of Meetings and Operations Carried Out

The committees reporting to the Board of Directors, their members and the frequency of their meetings are given in the following table. The duties of the Nomination and Remuneration committees, which are currently not included within the Board of Directors, are being performed by the Corporate Governance and Nomination Committee in accordance with the Corporate Governance Principles.

| Committee | Committee Members | Position in the Committee | Title | Meeting Frequency |
|---|----------------------|---------------------------|---------------------------------------|--|
| Audit Committee | Galip Taşdemir | Chairman | Independent Board Member | Minimum 4 times in a year in quarterly periods |
| | Dilek Emil | Member | Independent Board Member | |
| | Cemal Tüfekçi | Member | Independent Board Member | |
| Corporate Governance and Nomination Committee | Dilek Emil | Chairman | Independent Board Member | At least 2 times per year |
| | Cemal Tüfekçi | Member | Independent Board Member | |
| | Ayşe Yıldırım Yüksel | Member | Investor Relations Department Manager | |
| Committee for Early Detection of Risk | Galip Taşdemir | Chairman | Independent Board Member | At least 6 times per year in 2-month periods |
| | Çiğdem Yılmaz | Member | Non-Executive Member | |

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

IX. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE (CONT'D)

h) Assessment of the Board of Directors Regarding the Working Principles and Effectiveness of the Committees Established within the Board of Directors, Including Their Members, Frequency of Meetings and Operations Carried Out (cont'd)

In 2023, the Audit Committee reported to the Board of Directors 5 times, the Corporate Governance and Nomination Committee 4 times and the Committee for Early Detection of Risk 6 times. In 2023, our Audit Committee, Corporate Governance and Nomination Committee and Committee for Early Detection of Risk performed their duties and responsibilities in accordance with their respective charters and operated effectively.

The duties and operating principles of the Board of Directors Committees are disclosed to the public on the Company's website at www.parkelektrik.com.tr under the heading "Corporate Governance".

X. REPORTING ON THE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

The amendment made by CMB to the Communiqué on Corporate Governance no. II-17.1 entered into force on 2 October 2020. With the aforementioned amendment, a "Sustainability Principles Compliance Framework", which includes the basic principles that public companies are expected to disclose while conducting their Environmental, Social and Corporate Governance ("ESG") operations, was announced to the public. While the implementation of these principles is voluntary, it is mandatory to report whether or not they have been implemented in annual reports under the "Comply or Explain" principle.

Due to the mining sector in which our company currently operates, sustainability reporting requires intensive work in many areas, particularly in the area of environmental principles. Considering that our Company's previous studies in the area of ESG have focused mainly on corporate governance and that our Company's current operations are limited to mining operations carried out by subcontractors due to the ongoing investment process through our Company's subsidiary, the Board of Directors of our Company has decided to first establish a roadmap on this issue and to gradually implement the necessary action plans to comply with the "Sustainability Principles Compliance Framework" in accordance with this roadmap.

The Sustainability Principles Compliance Report, which was prepared in accordance with the formats determined by the decision no. 34/977 dated 23.06.2022 of CMB and approved by the Board of Directors of our Company, was disclosed to the public by being published at www.kap.org.tr on 25 April 2024.

In the said report, the principles that have not yet been complied with are disclosed to the public for reasons such as the difficulties in implementing the principles due to the sector in which our Company operates, the fact that some principles do not fully overlap with the current structure of the Company, and the fact that the principles of compliance will be determined by our Company according to the progress of the ongoing power plant investment process. Our Company carries out its mining operations in compliance with the mining and environmental laws applicable in our country.

The impact on environmental and social risk management of not fully complying with non-compulsory principles is monitored by our Company and assessed through sustainability studies.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**ANNEX 1: CVs OF MEMBERS OF THE BOARD OF DIRECTORS AND DECLARATIONS OF
INDEPENDENCE OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS**

GÜRSEL USTA

Gürsel Usta, who holds office as a Senior Executive of Ciner Group and the Chairman of the Board of Directors of Park Holding A.Ş., holds a bachelor's degree from Ankara University, Faculty of Political Sciences. Gürsel Usta started his career as an Account Specialist at the Ministry of Finance and subsequently held office as an advisor to the Deputy Prime Minister. After having held office as the deputy general manager of the Social Security and Child Protection Agency, where he was appointed by proxy, he joined the Tepe Group in 1992 and started working in the private sector. He joined Ciner Group in 2003 while holding office as the General Manager of the Tepe Group's marketing companies. Since 2003, he has held senior positions within Ciner Group.

ÇİĞDEM YILMAZ

Çiğdem Yılmaz graduated from Marmara University, Department of Economics in English in 1997. Having started her career in the banking sector, Yılmaz held office as a branch manager and Commercial Banking Marketing Director within Garanti Bank. She held office as the Head of Commercial Banking Sales within Yapı ve Kredi Bankası from 2018 to 2022. Having come into office in July 2022 as a CFO in Ciner Group, Yılmaz is also a member of the Board of Directors in Ciner Group companies.

ORHAN YÜKSEL

Orhan Yüksel graduated from Marmara University, Faculty of Administrative Sciences, Department of Business Administration in 1984 and has been working in various private sector companies since 1978. He is a licensed Certified Public Accountant and Financial Advisor and is also a certified independent auditor by the POA. Since 1994, he has been working as a senior financial affairs executive at Ciner Group and is also a member of the Board of Directors of Ciner Group companies.

HACİ MUSTAFA KIRAÇ

After having received his bachelor's degree in 1978 from Hacettepe University, Faculty of Geosciences, Department of Mining Engineering, Hacı Mustafa Kırac, a mining engineer, started his career at the General Directorate of Mineral Research and Exploration. He worked in various mining enterprises as a pit engineer and enterprise manager from 1979 to 1995. He held office as the General Manager and Chairman of the Board of Directors at Turkish Hard Coal Enterprise from 1995 to 1997. He worked as a Counselor to the Minister at the Ministry of Energy and Natural Resources from 1997 to 2001, and retired from this position. He held office as the General Manager of Kömür İşletmeleri A.Ş. from 2004 to 2011. Since 2013, he has been holding office as a senior executive in the Energy and Mining Group of Ciner Group, and is also a member of the Board of Directors in Ciner Group companies.

CEVDET ÖZÇEVİK

Having graduated in 1980 from Ankara State Engineering Architecture Academy as an Electrical Engineer, Mr. Özçevik joined the Ciner Group in 1999 while he was working at Soma Lignite Enterprise of TCE. He is holding office as a senior executive in Ciner Group's Energy and Mining Group, and is also a member of the Board of Directors in Ciner Group companies.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**ANNEX 1: CVs OF MEMBERS OF THE BOARD OF DIRECTORS AND INDEPENDENCE
DECLARATIONS OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS (cont'd)**

SELÇUK YEŞİLTaş

Born in 1984 in Ordu/Fatsa, Selçuk Yeşiltaş graduated from Koç University, Department of Physics in 2007 and joined Bahçeşehir University, Financial Economics graduate program in 2009. In 2007, Mr. Yeşiltaş started his career in the corporate banking department of Denizbank and worked in the corporate banking departments of Fibabanka and TSKB before joining Ciner Group in June 2015. Mr. Yeşiltaş, who started his career as Project Finance and Business Development Manager at Ciner Group, has been holding office as the Group Finance Coordinator since 2016, and is also a member of the Board of Directors in Ciner Group companies.

DİLEK EMİL, Independent Member of the Board of Directors

Dilek Emil graduated from Ankara University, Faculty of Political Sciences, Department of Economics and Finance, and completed her postgraduate education in the field of economy at Birkbeck College, University of London. She started his career at the Prime Ministry, Undersecretariat of Treasury, and held office in various positions from 1994 to 2004, including Advisor to the Undersecretary, Executive Economic Counselor in Washington D.C. and Deputy General Manager of Foreign Capital.

In addition to her role as Yaşar Holding's Corporate Affairs Coordinator between 2004 and 2018, Dilek Emil also chaired Yaşar Holding's Sustainable Development Committee and coordinated the sustainability studies of 10 Yaşar Holding companies that signed the Global Compact in 2007 and their reporting based on the Global Reporting Initiative (GRI), an international standard. In this framework, in addition to coordinating projects to reduce carbon and water footprints and water risks, she ensured Pınar Süt Mamulleri Sanayii A.Ş.'s participation in the Carbon and Water Transparency Program (CDP-Carbon Disclosure Project). She has also developed projects on waste prevention, waste reduction and women's empowerment.

Dilek Emil, who held office as the first Chairman of the Board of Directors of Pınar Institute from 2012 to 2016, also led the Institute's "The Future of Our Milk is in Conscious Hands" and "Let's Move with Fun, Let's Eat Healthy" projects. The Future of Our Milk in Conscious Hands project attracted the attention of the UNDP and was included in the "Business Call to Action". The "Let's Move with Fun, Let's Eat Healthy" project was expanded throughout Türkiye with a protocol signed with the Ministry of National Education.

Dilek Emil is currently working at EWA Kurumsal Danışmanlık Limited Şirketi, which is owned by her, in the areas of combating climate change, sustainability, corporate relations and communication, public communication, corporate identity, corporate reputation, all kinds of government support, particularly investment incentives, project development, research and analysis for access to various funding sources, non-governmental organizations, Small and Medium Enterprises and Start-up mentoring. She is also holding office as a founding partner and Chairman of the Board of Directors at StaminaPA Kurumsal İlişkiler Danışmanlık Anonim Şirketi, which carries on a business in the area of corporate relations. She is also holding office as the Chairman of the Board of Directors of the Public Communication and Corporate Relations Management Association and the Shapeless Ideas Association, and as a member of the Board of Directors of the Association for Analytical Approach to Habitat.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**ANNEX 1: CVs OF MEMBERS OF THE BOARD OF DIRECTORS AND INDEPENDENCE
DECLARATIONS OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS (cont'd)**

GALİP TAŞDEMİR, Independent Member of the Board of Directors

After graduating from the Faculty of Economics at Istanbul University in 1972, Mr. Galip Taşdemir started his career at the Ministry of Finance as an Assistant Account Specialist in 1976, was appointed as an Account Specialist in 1980 and Chief Account Specialist in 1987. Having held office as the Head of Department and Deputy Director General at the Directorate General of Budget and Financial Control from 1987 to 1995, Mr. Taşdemir then held office as the Financial Attaché at the Consulate General in Cologne from 1995 to 1998. Having come into office as the General Manager of the Accounting Department in 2000, Mr. Galip Taşdemir came into office as the Deputy Undersecretary of the Ministry of Finance in 2004 and as the Financial Attaché at the Consulate General in Berlin from 2004 to 2007. Mr. Taşdemir held office as a Ministry Counselor from 2007 to 2008 and retired from this position. From 2012 to 2017, he worked as an expert at Ankara Court of Justice in the Commercial Court, Civil Court of Peace, Civil Court of First Instance, Labor Court and Criminal Court. Galip Taşdemir has been holding office as a Sworn-In Certified Public Accountant since 2009. Mr. Taşdemir is also the Auditor of A1 Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

CEMAL TÜFEKÇİ, Independent Member of the Board of Directors

Graduating in 1982 from Ankara University, Faculty of Political Sciences, Cemal Tüfekçi started his career as Assistant Account Specialist at the Ministry of Finance in 1983, and was appointed as Account Specialist in 1986 and Chief Account Specialist in 1993. In 1995, Tüfekçi resigned from the Board and worked as an executive in various private sector companies. He has been working as a Sworn-In Certified Public Accountant since 1999, and is the sole shareholder of Polaris Yeminli Mali Müşavirlik Limited Şirketi since 2014. In addition, after having become a founding partner of the audit firm Sky Bağımsız Denetim A.Ş. in 2023, he retired from his shareholding in Oluşum Bağımsız Denetim ve Danışmanlık A.Ş. as of February 2024. Tüfekçi is also a trustee in composition procedure at Istanbul Courthouse.

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**ANNEX 1: CVs OF MEMBERS OF THE BOARD OF DIRECTORS AND INDEPENDENCE
DECLARATIONS OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS (cont'd)**

INDEPENDENCE DECLARATION

I hereby declare that I am a candidate to hold office as an independent member of the Board of Directors of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the Company), which has a public company status, in accordance with the independence criteria set forth in the Corporate Governance Principles enclosed with the Communiqué on Corporate Governance no. II-17.1, and I also declare in this context:

- a. That there has been no employment relationship, within the last five years, in a managerial position undertaking important duties and responsibilities, between myself, my spouse and blood relatives and relatives by marriage up to secondary degree, and the Company, corporations in which the Company has management control or a significant degree of influence as well as shareholders that have management control or a significant degree of influence in the Company and legal entities in which these shareholders have management control, that we have not owned more than 5% of their capital or voting rights or preferential shares individually or jointly, and that we have not established a significant commercial relationship with them,
- b. That I have not worked, within the last five years, as a shareholder (5% and above), in a managerial position undertaking important duties and responsibilities, or a member of the Board of Directors, particularly concerning the Company's audit (including tax audit, legal audit, internal audit), rating and consultancy, in companies from which the Company purchases significant amount of services or products, or to which the company sells the same under the agreements concluded, in those periods of during which such services or products were purchased or sold,
- c. That I have the professional training, knowledge and experience to duly perform my duties that I will undertake since I am an independent member of the Board of Directors,
- ç. That I will not work full-time at public institutions and organizations after having been elected as a member of the Board of Directors, except as a faculty member at universities pursuant to the legislation applicable to them,
- d. That I am deemed to be residing in Türkiye pursuant to the Income Tax Law no. 193 dated 31/12/1960,
- e. That I have strong ethical standards, professional reputation and experience to be able to positively contribute to the Company's operations, to keep my impartiality in conflicts of interest between the company and shareholders, and to take decisions freely, taking into account the rights of the stakeholders,
- f. That I will be able to follow the course of the company's operations and allocate time to the Company's operations to the extent that I can completely fulfill the requirements of the duties I undertake,
- g. That I have not held office as a member of the Board of Directors in the Company's board of directors for more than six years within the last ten years,
- ğ. That I am not an independent member of the Board of Directors in more than three of the companies whose management control is held by the shareholders who control the management of the Company, and in total more than five of the companies traded on Borsa İstanbul,
- h. That I have not been registered and announced in the name of the legal entity elected as a member of the Board of Directors, and, in the event that a situation arises that would impair my independence, I will personally notify the Board of Directors and the Capital Markets Board of this change at the same time.

Galip TAŞDEMİR
12.05.2023

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**ANNEX 1: CVs OF MEMBERS OF THE BOARD OF DIRECTORS AND INDEPENDENCE
DECLARATIONS OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS (cont'd)**

INDEPENDENCE DECLARATION

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Dilek EMİL
12.05.2023

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUE ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

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DECLARATIONS OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS (cont'd)**

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- h. That I have not been registered and announced in the name of the legal entity elected as a member of the Board of Directors, and, in the event that a situation arises that would impair my independence, I will personally notify the Board of Directors and the Capital Markets Board of this change at the same time.

Cemal TÜFEKÇİ
12.05.2023



AUDITOR'S REPORT ON THE SYSTEM AND COMMITTEE FOR EARLY DETECTION OF RISK

To the Board of Directors of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

1. We have audited the system and committee for early detection of risk, which was established by Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. ("the Company").

Responsibility of the Board of Directors

2. Pursuant to paragraph one of Article 378 of Turkish Commercial Code no. 6102 ("TCC"), the Board of Directors is obliged to establish a specialized committee and to operate and improve the system, in order to early detect the causes endangering the existence, development and continuity of the Company, to implement the necessary measures and remedies in this regard and to manage the risks.

Responsibility of the Independent Auditor

3. Our responsibility is to express a conclusion on the system and the committee for early detection of risk based on our audit. We conducted our audit in accordance with TCC, the "Principles of the Auditor's Report on the System and Committee for Early Detection of Risk", which was published by the Public Oversight, Accounting and Auditing Standards Authority, and ethical rules. These Principles require us to determine whether the Company has established a system and committee for early detection of risk and, if so, to assess whether the system and committee function within the framework of Article 378 of the TCC. The adequacy of the measures taken by the Committee for Early Detection of Risk against risks and the management's response to risks are not within the scope of our audit.

Information on the System and Committee for Early Detection of Risk

4. The Company has established a system and a committee for early detection of risk and the committee consists of 2 members. The Committee has submitted its reports to the Board of Directors for the period of 1 January - 31 December 2023, with the purpose of early detection of causes that threaten the existence and development of the Company, taking the necessary measures and remedies in this regard, and managing the risks.



Conclusion

5. As a result of our audit, we have concluded that the system and committee for early detection of risk of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. is adequate in all material aspects in accordance with Article 378 of Turkish Commercial Code.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Çağlar Sürücü, CPA
Auditor in Charge

Istanbul, 25 April 2024

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2023,
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-
14.1)**

This report was prepared in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in Capital Markets" no. II-14.1 of the Capital Markets Board and the provisions of the "Regulation on Determination of the Minimum Content of the Annual Reports of Companies", which was published by the Ministry of Commerce in the Official Gazette no. 28395 dated 28.08.2012, and it was signed and approved by the Company's members of the Board of Directors named below.

25.04.2024

GÜRSEL USTA
Chairman of the
Board of Directors

ÇİĞDEM YILMAZ
Deputy Chairman of the
Board of Directors

ORHAN YÜKSEL
Member of the
Board of Directors

SELÇUK YEŞİLTAŞ
Member of the
Board of Directors

CEVDET ÖZÇEVİK
Member of the
Board of Directors

HACİ MUSTAFA KIRAÇ
Member of the
Board of Directors

GALİP TAŞDEMİR
Independent Member of the
Board of Directors

DİLEK EMİL
Independent Member of the
Board of Directors

CEMAL TÜFEKÇİ
Independent Member of the
Board of Directors