

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

1 JANUARY – 30 JUNE 2023

BOARD OF DIRECTORS

INTERIM PERIOD ACTIVITY REPORT

26.07.2023

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REVIEW REPORT ON INTERIM SEMI-ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Türk Prysmian Kablo ve Sistemleri A.Ş.

Introduction

We have been assigned to the review whether the financial information in the interim semi-annual report of Türk Prysmian Kablo ve Sistemleri A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) prepared as at 30 June 2023 is consistent with the reviewed interim condensed consolidated financial information. Management is responsible for the preparation of the interim semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the interim semi-annual report is consistent with the reviewed interim condensed consolidated financial information on which we have expressed our conclusion dated 26 July 2023.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity”. Our review includes the assessment as to whether the financial information included in the interim semi-annual report is consistent with the reviewed interim condensed consolidated financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim semi-annual financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying financial information included in the interim semi-annual report is not consistent, in all material respects, with the interim financial information and the information presented in the explanatory notes to interim condensed consolidated financial statements.

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

Özgür Beşikçioğlu, SMMM
Partner

Istanbul, 26 July 2023

1- GENERAL INFORMATION

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

The company stands out in Prysmian Group as one of the 16 plants that can simultaneously produce energy and telecom cables with Prysmian and Draka brands. Wide product range of Türk Prysmian includes all energy cables up to 220 kV, copper conductor communication cables up to 3.600 pairs, optical fiber cables, railway signalization cables, studio broadcast cables and special cables. Today Mudanya factory can produce over 22.000 different cables. Furthermore, Türk Prysmian delivers "turn key" projects for cables and systems providing each one customer tailored and premium services. The installed capacity of Türk Prysmian is also at a level to compete in the international markets.

Capacity utilization rate of Türk Prysmian reached 71% in 2022, and it continues to be a privileged export center within the Prysmian Group, exporting approximately 18% of its 7.186.815.354 TRY turnover in 2022. Türk Prysmian continues to be the leader of the market in the field of innovation, technology, quality and customer satisfaction both in Türkiye and abroad. With a wide geographical coverage, the company exports to more than 50 countries today, particularly Turkic Republics and Middle East countries.

Prysmian Group has 26 R&D centers worldwide and one in Türk Prysmian's Mudanya factory. Material Technologies Laboratory in the Mudanya R&D center is registered by Turkish Accreditation Agency (TÜRKAK) with accreditation certificate TS EN ISO/IEC 17025 "General Requirements For The Competence of Testing and Calibration Laboratories". The certificate granted by TÜRKAK is a certification that the results of 'fire tests' conducted in Türk Prysmian's laboratory are reliable and internationally valid.

Türk Prysmian Kablo ve Sistemleri A.Ş., listed on the Borsa Istanbul strives for improving the efficiency of its products and services not only in Türkiye, but also in global markets, and ISO/DQS 9001, and ISO 14000 certifications granted for the first time in this sector is a further proof of how much the company cares for people and environment.

Fiscal Period of the Report:

This report has been issued for the period 01.01.2023-30.06.2023.

Company Trade Registry Number and Contact Info

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

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

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

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

Trade Registry No: M0153/Bursa Merkez

Mersis No: 086005137400023

Web site: www.prysmiangroup.com.tr

The Company's subsidiaries are detailed below:

Subsidiaries	Activity	Core activity
Türk Prysmian-Prysmian Powerlink DB.KAB.19 Ordinary Partnership	Sales	Sale of Power Cables

2- BUSINESS SECTOR, VISION AND MISSION

Prysmian Group is the world leader in the field of energy cables and systems as well as communication cables and systems. We are a multinational company that has been growing for more than a century in the sectors specialized in throughout the world and deeply rooted in all local markets.

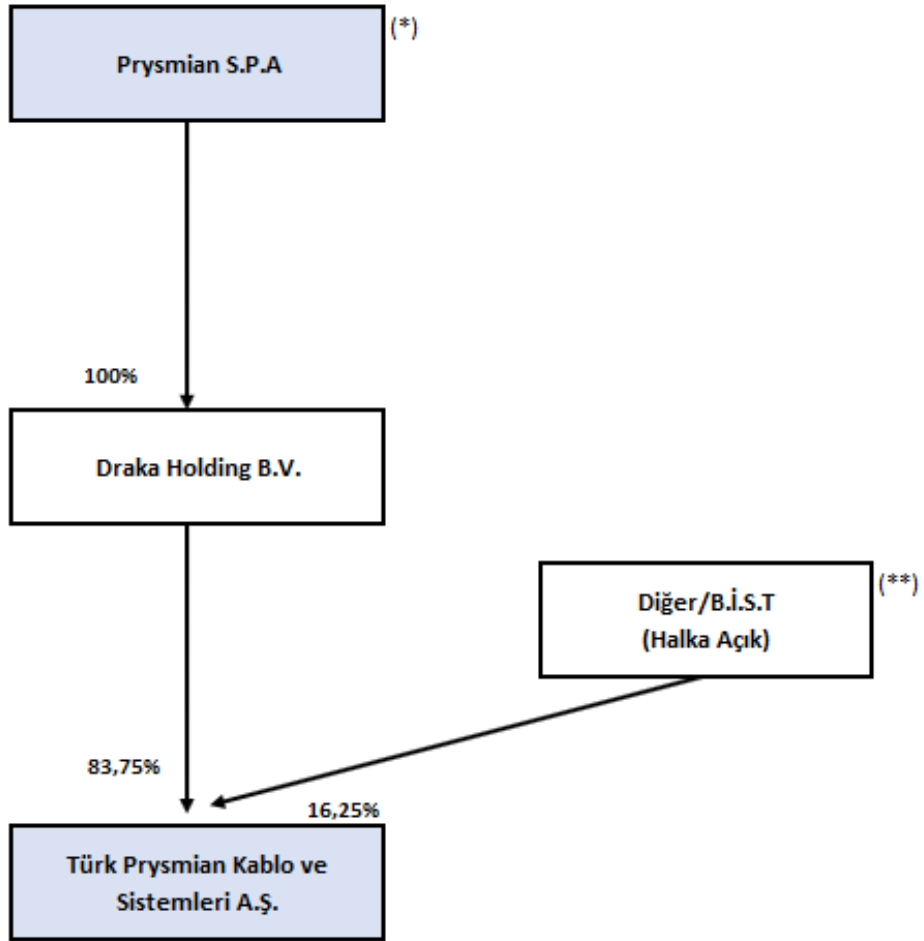
Our vision is, while keeping inside alive the workforce which will help us to exhibit a creative and superior performance with our outstanding and innovative role, having an organizational structure that gives importance to openness and social responsibility, carrying on long term partnerships by providing customer satisfaction continuously, creating constant value for our shareholders and dedicating ourselves to improve the community's conditions, to be the industry leader in Turkey and in international platforms as a member of Prysmian Group. Our mission is to add value to our shareholders and to the sector by providing innovative, technologically advanced, high quality and safe products and services to our clients, business partners and the society in general, meeting all applicable standards.

3- CAPITAL AND SHAREHOLDER STRUCTURE

Capital Structure of the Company as of 30.06.2023 is as follows:

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

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



Final Shareholder Structure as of 30.06.2023

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

Members of the Board of Directors as of 30.06.2023 are as follows:

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

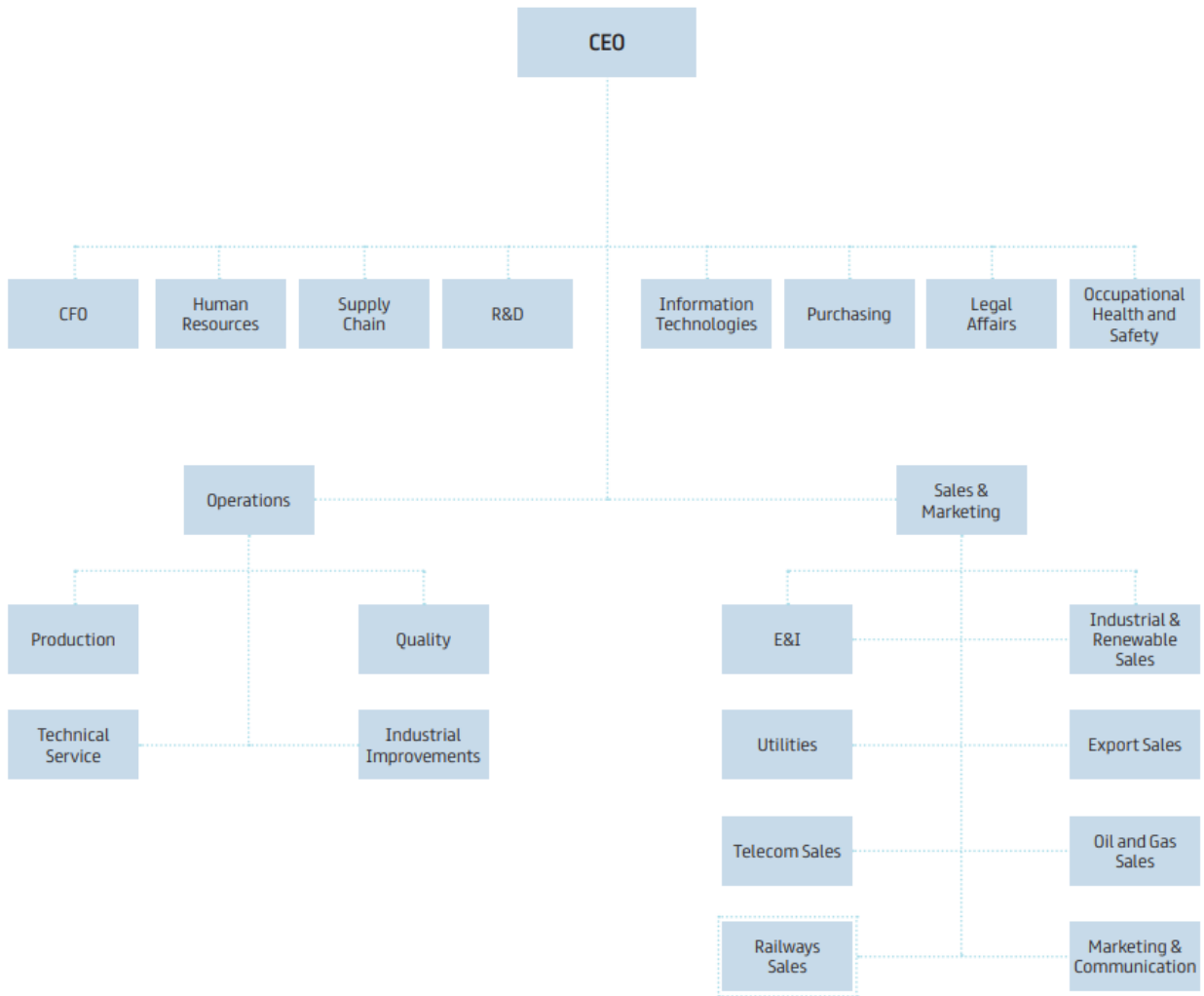
Committees formed as per the provisions of Communiqué on Corporate Governance (Serial: II, No: 17.1) published by Capital Market Board are stated below.

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

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

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

Organizational Structure



5- TOP LEVEL MANAGEMENT AND COMPANY MANAGEMENT

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

6- SECTORAL EVALUATION AND INFORMATION ON COMPANY ACTIVITIES

The Turkish economy grew by 5.6% in 2022 despite geopolitical uncertainties, high inflation and the energy crisis, indicating greater growth potential than expected. While the construction sector contracted by 8.4% in the same period, technological advancements, studies for the transition to renewable energy, the need for smart data transmission systems, the trend toward expanding the network, and the growing need for higher broadband have led to a rise in cable demand.

Our country was shaken by a major disaster during the first quarter of 2023. We lost more than 50 thousand people and more than half a million buildings due to the earthquakes that struck 11 provinces. In this difficult period, Turkey's growth was 4.0% compared to the 7.6% growth in the previous quarter. Construction, on the other hand, grew by 5.1% in the same period, recovering from the 7.5% contraction reported in the first quarter of 2016.

During the second quarter of 2012, general elections were held and the cabinet was reshuffled as Turkey was still trying to recover from the disaster. A primary objective of the new cabinet is to reduce inflation and support the earthquake zone economically and socially. Consequently, a long-awaited interest rate increase was announced by the Central Bank of the Republic of Turkey. In spite of this, there was a loss of value in the TL since the interest rate increase did not meet expectations. Rising interest rates and foreign exchange pressure make the overall economic outlook quite uncertain.

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

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

As emerging economies had to face an uphill battle in dealing with inflation compared to developed countries, the Turkish cable sector was substantially affected like all other sectors. Competition became fiercer with this new conjecture, and speed, agility, innovation, and digitalization have become the key

factors determining competitive conditions. Businesses that can make decisions quickly, are capable of stabilizing the supply chain quickly, adjust to changing conditions quickly and value digitalization are less affected by these difficult times.

Despite global and domestic stagnancy, use of renewable energy resources steadily increased in Turkey, making Turkey an important player of the region in energy, and ultimately supporting the development of the cable industry positively. Companies that invest in eco-friendly new products and systems, feel responsible for the universe, focus on renewable energy projects for the benefit of both the world and the industry, maintain a sustainable standpoint, and place sustainability at the core of all their activities will be less affected and serve the sector for a longer period.

In cable designs, criteria such as ensuring human safety and property security, improving fire resistance, and facilitating faster data transmission with a reduced footprint are becoming increasingly important. Our country's leading cable manufacturers, manufacturers' associations, and relevant departments have launched a comprehensive campaign to put an end to cables that do not meet these standards. In order to live in a safer and much efficient world, awareness efforts have been started and are in progress to ensure that high-performance and cost-effective solutions are preferred, sector-wide awareness is raised on the use of proper cables, market supervision and inspection activities are carried out to guarantee normative compliance of the cables used in the market, and to raise awareness on non-conformity of certain cables available on the market in Turkey.

R&D Activities

Türk Prysmian Kablo aims to increase its competitive power in the energy and telecommunication cables industry, offering users of cutting edge technologies the opportunity to take the advantage of its leadership in innovation and development, and is working on efficient, effective, superior and eco-friendly products and system solutions. The Research & Development (R&D) Centre in Mudanya is an R&D Center approved by the R.T. Ministry of Industry and Technology and one of 26 R&D centers of the Prysmian Group that play a leading role in cable production and material technologies internationally. With its extensive laboratory infrastructure and research and development activities, Mudanya R&D Centre is also a pioneer in Turkish cable manufacturing.

Established on an area of 5 thousand square meters and comprised of 6 separate departments, the R&D Centre encompasses a Material Technologies Laboratory, a Burn Test Laboratory, an Energy Cable Testing Laboratory, a Telecom and Fiber Cables Testing Laboratory as well as a Design and Innovation Office and a Process Design and Prototype Development Office. The R&D Centre holds the TS EN ISO /IEC 17025 Standard "General Requirements for the Competence of Testing and Calibration Laboratories", and the Private Sector Burn Test Laboratory has been the first lab accredited by the Turkish Accreditation Agency (TURKAK) in Turkey to possess the infrastructure prescribed by "CRP - Construction Products Regulation".

The first company in the Turkish Cable Industry to acquire the CPR certificate thanks to its research and product development activities and the pioneer of the sector with its expertise in this field, Türk Prysmian Kablo continuously adapts its products to the requirements of CPR. We developed top quality CPR compliant cables to meet the increasing CPR demand in the railway sector. There is a demand for B and C CPR class, high fire performance cables for use in new generation power stations and modern substations standing out with renewable energy production. The use of cables with high CPR performance is becoming more common in petrochemical plants as well. We have developed new CPR series under control, instrumentation and power cable groups to meet this demand, and the certification processes have been completed and thus we managed to access new import markets.

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

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

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

The R&D Centre of Türk Prysmian Kablo continues to produce high-performing innovative solutions giving priority to efficiency and safety. For energy, fiber and communication cables, innovative, competitive, state-of-the-art, user-friendly and high performing solutions are developed for various geographical, environmental and usage conditions all around the world, taking account of the needs of users and industries. These solutions include, amongst others, railway signaling cables, low voltage and fiber optic cables for the petro chemistry

industry, minitube fiber optic cables, defense industry and railway car cables, fire-resistant railway - fiber optic cables, and custom cables for the petro chemistry sector. Moreover, the number of national and international tests that have been included in the scope of accreditation by Turkish Accreditation Agency (TURKAK) has risen to 29, which is an outcome of the importance accorded by Türk Prysmian Kablo to product and test reliability.

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

7- ECONOMIC EXPECTATIONS

Global Economic Performance in the First Half of 2023

The monthly Consumer Price Index (CPI) increased by 3.9% in June, with annual inflation at 38.2%, down slightly from the previous month. Inflation was 19.8% over the six-month period for 2023 based on the CPI. It was the housing sector with an increase of just 14.76% that showed the least increase compared to the same month of the previous year. In contrast, restaurants and hotels reported the highest increase in comparison to the same month last year with 67.22%.

As opposed to the annual PPI inflation rate of 40.4%, the cumulative PPI inflation rate for 2023 was reported as 14.8%.

As calculated by the Turkish Statistical Institute in collaboration with the Central Bank of the Republic of Turkey based on the results of the consumer tendency survey, consumer confidence was 85.1 points in the first half of the year. The first quarter of 2023 saw a 4.0% growth in Gross Domestic Product (GDP). In the first quarter, the agricultural sector shrank by 3.8% and the industrial sector by 0.7%, whereas the services sector (including construction) grew by 5.1%.

At its June meeting, the CBRT monetary policy board raised the policy rate by 650 basis points to 15% after appointing Hafize Gaye Erkan as its new chairman on June 2. To contain the deterioration in pricing behavior, the Central Bank stated that monetary tightening will be gradually strengthened as and when necessary until a significant improvement is achieved in the inflation outlook.

As of June, annual CPI inflation in the USA fell more than expected, reaching 3% and with a slowdown for 12 straight months. As a result, it dropped to the lowest level since March 2021, while core inflation fell to 4.8%, illustrating a positive market outlook. In light of the diminished likelihood of a new interest rate hike by the FED after July, interest rate hikes are expected to end in the coming months. June 2022 marked the highest level of inflation in 41 years in the USA with 9.1 percent.

While consumer inflation in the Euro Zone also decreased in the first half of the year, it is stated that inflation

has not yet reached the target level and interest rates will continue to increase.

Expectations-Forecasts

According to the CBRT's June Market Participant Survey, 38.6% of respondents expect inflation to rise by year's end in 2023. Moreover, inflation expectations for 12 months and 24 months ahead were 30.7% and 18.1%, respectively.

Increases in minimum wages and civil servants' salaries for the second half of the year are expected to drive increases in public spending as well as to put pressure on costs. Furthermore, the cost of foreign exchange-backed deposits (KKM), which poses a lessened monetary tightening risk than expected, is viewed as another factor likely to increase inflation in 2023. Conversely, there are several factors that could reduce inflation, such as lower energy prices compared with last year; the possibility of additional taxes contracting domestic demand; tight credit conditions, and very strong monetary tightening.

On the exchange rate side, in the wake of the rapid weakening of the Turkish Lira at the end of the first half of the year due to the CBRT's lower-than-expected interest rate increase, since in the 3rd quarter private sector does not have a tight FX loan payment schedule until November, and expecting that a rise in the CBRT's foreign exchange reserves in the new period will weaken the perception of risk about Turkey, despite the government's response to economic policy change messages resulting in a decrease in the credit risk premium (CDS), Exchange rates are expected to follow a relatively moderate path in the third quarter. The main determinant of exchange rates will continue to be the interest rate decisions that will be made by the Monetary Policy Committee in the coming months.

As far as growth is concerned, domestic demand will remain the main driver. Southern Turkey suffered extensive damage as a result of the devastating earthquake earlier this year. With the immediate steps taken in the quake-affected areas to support the recovery, it is expected that growth will start to emerge from the restructuring efforts, eventually reversing the negative impacts of the disaster on the economy.

Also released was the Foreign Trade Expectations Survey for the third quarter of 2023. Consequently, the export expectation index increased by 4.2 points from the previous quarter. In the third quarter, the index rose to 109.5 from 105.3 in the second quarter. Compared to the previous quarter, the import expectation index for the third quarter of this year increased by 3 points to 105.3.

According to the latest OECD Economic Outlook report, the global economy is showing signs of improvement, but downside risks persist, limiting recovery. The decline in energy prices is helping to lower headline inflation and reduce household debt pressures. The earlier-than-expected reopening of China has boosted global activity. High-interest rates, however, are impacting economies globally more and more. Despite rapid increases in food and service prices, headline inflation has declined in most economies in recent months due to lower energy costs. Meanwhile, core inflation persists at high levels. There is a possibility that Eurozone inflation will persist longer than anticipated and that high-interest rates will have a stronger impact on financial markets and economic activity than anticipated.

Global GDP growth in 2023 is projected to be 2.7%, the slowest rate since the global financial crisis, excluding the pandemic period in 2020. It is estimated that 2024 will see a modest improvement of 2.9%. OECD has revised Turkey's growth forecasts for 2023 and 2024 to 3.6% and 3.7%, respectively.

8- SUMMARIZED ACTIVITY RESULTS

CONDENSED BALANCE SHEET

	Independent Audit Completed 30 June 2023	Independent Audit Completed 31 December 2022
Current assets	4,702,134,670	3,364,115,471
Non-current assets	568,362,853	479,878,058
Total assets	5,270,497,523	3,843,993,529
Short-term liabilities	4,696,032,351	3,190,560,086
Long-term liabilities	30,719,969	48,606,860
Equities	543,745,203	604,826,583
Total Liabilities	5,270,497,523	3,843,993,529

CONDENSED INCOME STATEMENT

	1 January- 30 June 2023	1 January- 30 June 2023
Revenue	4.368.457.708	3.363.359.081
Costs of sales (-)	(3.839.779.387)	(3.009.430.969)
Gross profit	528.678.321	353.928.112
Operating Costs	(432.183.408)	(243.440.930)
Operating profit	96.494.913	110.487.182
Operating profit before financing income/(expense)	96.494.913	110.487.182
Financing income/(expense)	1.045.545	-
Profit before tax	(124.506.031)	(24.440.189)
Tax income/(expense)	(26.965.573)	86.046.993
Period Profit / (Loss)	(17.572.254)	(2.255.820)
Net Period Profit / (Loss)	(44.537.827)	83.791.173

Net period profit of the company for the operating cycle January 1 – June 30, 2023 is TRY44,537,827.

9- FINANCIAL SOURCES OF THE COMPANY

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

Basic Ratios

	<u>31 June 2023</u>	<u>31 December 2022</u>
Current Ratio (Current Assets/Short-term liabilities)	1.00	1.05
Total Liabilities/Total Assets	0.90	0.84
Total Liabilities/Equity	8.69	5.36

	<u>1 January- 30 June 2023</u>	<u>1 January- 30 June 2023</u>
Gross Profit/Net Sales	12.10%	10.52%
Operating Profit/Net Sales	2.21%	3.29%

10- Expectations For The Next Quarter

The macroeconomic environment in Turkey still maintains its sensitivity due to high interest rates and the depreciation of TL against foreign currencies in the face of rising inflation.

Although the 38.2% inflation rate as of June 2023 indicates a decrease due to the base effect, increases in fuel prices, labor costs and tax rates may reverse this.

The CBRT increased interest rates for the first time since 2021, and the interest rate from 8.5% was increased to 15%.

We expect revenue to increase by 50-55% in 3Q 2023. We anticipate that the EBITDA margin will hover around 6.5% – 7.5%.

11- Dividend Policy and Profit Distribution Time

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

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

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

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

12- CORPORATE GOVERNANCE COMPLIANCE REPORT

Having more than 56 years of history in Turkey, As Türk Prysmian Kablo ve Sistemleri A.Ş. is one of the leading and most experienced companies in its sector.

As from its establishment, together with its Board of Directors and Executive Management, it has adopted the corporate structure and governance principles in its relations with the Company's shareholders, and relevant stakeholders. The company is committed to shape its structure and management style in accordance with guidelines specified in Corporate Governance Principles of Capital Market Board. Moreover, since Türk Prysmian Kablo ve Sistemleri A.Ş. is operating under the roof of the Prysmian Group, which has a worldwide network system and business operations, Türk Prysmian is also subject to the corporate governance principles of the Prysmian Group.

The Company, at all times, carries out business in consciousness of its social responsibilities as regards to relations with the public, customers and suppliers and by adhering to ethical values of the business world, and aims to enhance its studies and activities in this respect.

Türk Prysmian Kablo, the leading company of the cable sector, which has been making contributions to Turkish capital markets and the Turkish economy, has been the 23rd company in 2009 to be included in the prestigious Corporate Governance Index of Borsa İstanbul A.Ş. ("Borsa İstanbul"), which reflects the company's corporate value, as the result of rating research that was executed by SAHA Corporate Governance and Credit Rating Services Inc. (www.saharating.com) as per the Corporate Governance Principles of Capital Markets Board (CMB), by receiving a Governance Management rating of 7.76 out of 10 (77.58%).

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

In 2022, according to the result of rating research that was executed by SAHA Corporate Governance and Credit Rating Services Inc., conducting corporate governance rating researches in Turkey as per the license granted by the Capital Market Board (CMB), related to "Shareholders, Informing the Public and Transparency, Beneficiaries and Board Committee" according to the communiqué regarding amendment of the communiqué (Serial: IV No: 63) on Establishment and Application of Corporate Governance Principles published by the Capital Market Board in Official Gazette no. 28567 dated 22.02.2013, the company received a Governance Management rating of 9.55 out of 10 (95.48%) with 0,03 increase, completely fulfilling the requirements once again and remaining under qualified companies.

The rating research was conducted according to the methodology modified and new regulations put into practice by CMB. In the past the grade that was given for meeting mandatory corporate governance principles was 100 points but the new methodology restricts this to 85 points. Those who also make improvements besides fulfilling the mandatory principles receive a rating higher than 85. Enjoying the privilege of being one of the qualified companies, Türk Prysmian Kablo Sistemleri A.Ş. has continued to improve its rating since 2009 by receiving a higher note of 95.24.

You can view the full Corporate Governance Report in our web site (www.prysmiangroup.com.tr) under the category of "Investor Relations" and "Corporate Governance" tab.

In the operating cycle ending as of December 31, 2022, the Company complied with the Corporate Governance Principles published by the Capital Market Board and conducted its activities by adopting these principles with the exception of the following;

- Representation of Minority Shares in the Board of Directors
- Management of Cumulative Voting Rights

The particulars and grounds of non-compliance are clarified in the relevant sections of the report.

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

Articles of Association of our Company have been amended on 30.03.2023 in the activity period 01.01.2023-31.12.2023 and announced on the Public Disclosure Platform.

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

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

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

Dividend Distribution Proposal

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

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

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

14- RISK MANAGEMENT AND INTERNAL AUDIT MECHANISM

In order to ensure effective conduct of risk management, Risk Management Division has been put into operation as of 2002. This division developed processes and implemented projects for effective risk management applicable within the Company and Prysmian Cables and Systems Group. The purpose here is to effectively monitor the risks through daily reports in order to collect receivables in a timely manner.

The internal audit system of the Company is organized in such a way to provide appropriate clarification on all the Company's activities and to ensure an adequate auditing system. The responsibility regarding internal auditing system lies with the Board of Directors, and the Board of Directors, besides providing the major guidelines of the system, undertakes verification of sufficiency and effectiveness of the audit system.

The Audit Committee comprises of two Board members. These two Directors hold office in the Board of Directors, and they are not directly engaged in Company's activities and management. The Audit Committee meets regularly as indicated in the relevant communiqué of the Capital Market Board and the representative of the External Auditing Company may be invited to these meetings.

The aim of the Audit Committee is to provide assistance to the Board of Directors during fulfillment of long - term obligations as regards to accounting and finance reporting applications, policies and procedures, as well as evaluation of quality and risk management of Company's internal auditing systems.

The internal auditing and periodical audit activities ensure accomplishment of necessary controls to observe whether compliance with the procedures, policies and strategies is achieved or not. Apart from the audit functions of the Internal Audit Division, the Internal Audit Department of Prysmian Cables and Systems Group performs internal auditing of Türk Prysmian Kablo ve Sistemleri A.Ş., in addition to the auditing services rendered regularly by the External Audit Company.

Furthermore there is also a Planning and Control Division which presents detailed monthly reports to the Managing Director and Executive Management and provides useful and comprehensive information for the following specific activities.

Information regarding to relations with the independent audit company, PwC Bağımsız Denetim Ve SMM A.Ş:

<http://www.pwc.com/TR/tr>

and information regarding tax audit company, MAZARS-DENGE:

<http://www.mazarsdenge.com.tr>

Assessment related to Internal Audit, Internal Control and Risk Management Systems

Prysmian Group active in cable industry has adopted adequate internal audit, internal control and risk management systems (internal systems) in line with its activities and business branches. Aiming to monitor and manage the risks

arising from the activities of the company, both the local regulations and Prysmian Group requirements have been considered while establishing the internal systems. The internal systems meet the principles of independency, impartiality, effectiveness, adequacy, and division of powers in the entire organization. All our activities and business processes target customer satisfaction, sustainable income production and rising the economic interests of the shareholders with consideration of risk sensitive capital management. Prysmian Group Board of Directors is responsible for adopting and managing the internal systems in line with the applicable regulations, and financial control and audit activities within the scope of this responsibility shall be supervised via Committee responsible for the Audits. Audit Committee performs this function by detailed examination of the reports provided by the Audit Department which has been obliged to financially review, audit and report the efficiency of our processes; and instructs the company management accordingly and present any issue, as deemed necessary, to the information and approval of Board of Directors.

The Audit Committee functions under the structure and coordination of Board of Directors. Audit Directorate financially reviews efficiency of the entire business processes of the company, and tests the existence, effectiveness and practice levels of the respective audit mechanisms and determines required actions, if any, together with operations units. It reports the results of its works and activities to the Audit Committee.

15- EMPLOYEE BENEFITS

June 30, 2023 the Group employs on average 597 personnel in a year (December 31, 2021: 598). The Company offers transportation and food allowances to all employees. Moreover white collar workers receive health insurance.

Benefits to Top Level Management

The rights of the BOD Members are agreed upon in the General Assembly meeting; no award is considered in determination of financial rights of the BOD Members depending on their individual performance and reflecting the performance of the Company.

Benefits provided to senior management during the term are as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Wages and other short term benefits	10.217.826	3,516,403
Other long-term benefits	68.252	2,754
	10.286.078	3,519,157

Collective Labor Agreements

As per the collective labor agreement executed by United Metal Workers' Union (Birleşik Metal İş) and Turkish Employer's Association of Metal Industries (MESS) that our company is a member of, our Company is subject to Collective Labor Agreement for the period September 1, 2021 - August 31, 2023.

Benefits to the Board of Directors

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

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

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

17- ADMINISTRATIVE OR CRIMINAL SANCTIONS IMPOSED AGAINST THE COMPANY AND MEMBERS OF THE COMPANY'S MANAGING BODIES DUE TO ANY CONDUCT IN VIOLATION OF THE LAW

There is no sanction existing as of 1 January – 30 June 2023 imposed against the company and members of the company's managing bodies due to any conduct in violation of the Law.

18- DERIVATIVE TRANSACTIONS

The Company uses foreign currency derivative tools in order to protect future significant transactions and cash flows against financial risks. The Company is a party to certain foreign currency forward contracts based on management of fluctuations in foreign currency exchange rates. Purchased derivative financial instruments are mainly of kinds of foreign currency available in the market where the Company operates. All forward exchange transactions are made in the form of forward contracts.

19- INVESTMENT INCENTIVE PRACTICES

As per the Law no. 5746 on Supporting research and Development Activities, we receive incentives and support granted for R&D Centers.

We were granted an investment incentive for "production of insulated wires and cables" on October 10, 2022 within the scope of Reduced Corporate Tax. The incentives granted is classified under Zone 1 according to tax incentive legislation and provides tax incentive of 30%. In the Company's statement of financial position, a reduction is made in the corporate

tax for the current period according to the amount of investment spending.

20- MISCELLANEOUS

Transactions with related parties during the reporting period are explained in detail in the footnote of the financial statement published on Public disclosure Platform on 26.07.2023. These transactions are also disclosed on our website.

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

Annual Activity Report Legal Basis:

Annual activity Report for the Fiscal Period 01.01.2023-30.06.2023 was issued based on the clause three of Article 516, and Article 518 of the Turkish Commercial Code, in accordance with the provisions of the "Regulation on Minimum Content of the Annual Activity Reports" published by the Ministry of Customs and Trade and "Communiqué on Principles of Financial Reporting in Capital Markets" published by the Capital Market Board.

Annual Activity Report Approval:

The Annual Activity Report of the Group for the fiscal period 01.01.2023-30.06.2023 was approved by the members of the Board of Directors of the Company on 26.07.2023.