



İZDEMİR
ENERJİ
ELEKTRİK ÜRETİM A.Ş.

**REPORT OF THE AUDIT COMMITTEE ON THE USE OF FUNDS OBTAINED
FROM THE PUBLIC OFFERING**

**Prepared in accordance with Article 33 of the Share Communiqué No. VII-128.1 of the
Capital Markets Law.**

31.01.2024

I- PURPOSE OF REPORT

Pursuant to Article 33 of the Capital Markets Board's Share Communiqué No. VII-128.1, it is obligatory to prepare a report on whether the funds obtained from the capital increase have been used in the manner specified in the prospectus within ten business days following the announcement of the first two financial statements containing the results of the capital increase that are publicly disclosed after the commencement of trading of the shares of the publicly traded corporations on the stock exchange, and within ten business days following the announcement of the first two financial statements containing the results of the capital increase that are publicly disclosed after the completion of the capital increase of the publicly traded corporations, and to publish the said report on the website of the corporation and on the PDP. This obligation is fulfilled by the audit committee within the corporation.

This report has been prepared within the scope of Article 33 of the Capital Markets Board Share Communiqué No. VII-128.1.

II- SUBJECT OF THE REPORT

An application was made to the Capital Markets Board and Borsa İstanbul A.Ş. on 14.04.2023 for the public offering of the Company's shares. The Capital Markets Board approved the public offering on 03.08.2023 and the public offering was realized on August 8/9/10 2023 through fixed price demand collection method. Thus, the sale of all shares with a total nominal value of 138.120.000 TL including the shares with a nominal value of 75.000.000 TL offered to the public with the capital increase and the shares owned by the main shareholder İzmir Demir Çelik Sanayi A.Ş. with a nominal value of 63.120.000 TL was realized at the public offering price of 19 TL/share. The shares of the Company started to be traded on Borsa İstanbul as of 16.08.2023.

On 04.08.2023, the report of the Board of Directors on the usage locations of the fund to be obtained from the capital increase was published on KAP and on the website www.izdemirenerji.com as an annex to the Prospectus approved by the Capital Markets Board.

The subject matter of this report is to determine whether the funds obtained after the capital increase have been utilized as specified in the prospectus pursuant to Article 33 of the Capital Markets Board Communiqué VII.128-1 on Shares.

III- EXPLANATIONS

The report dated 16.06.2023, prepared by the Board of Directors and published on KAP and www.izdemirenerji.com website as an annex to the Prospectus, which was approved by the Capital Markets Board on 04.08.2023, regarding the usage locations of the funds to be obtained from the capital increase, is summarized as follows.

The funds to be obtained within the scope of the capital increase to be made in order to strengthen the equity of the Company;

- %75-80 of the said public offering financing will be used in the GES (solar power plant) investment, the use of which is increasing rapidly all over the world in order to diversify the Company's energy production sources, and with the said public offering financing, an investment will be made in the field of renewable energy production to generate electricity from solar energy with the help of photovoltaic panels with an installed capacity of 24.1 MWe on land with a production volume of 147 MWe in Salihli District of Manisa Province,

In addition, an additional investment of 51 MWe installed capacity in addition to the 24.1 MWe installed capacity on the same land,

- Our Company needs strong working capital in order to ensure sustainability and competitiveness in the market and not to interrupt its activities against the risk of a possible net foreign currency position deficit arising from the supply of raw materials.

In order to maintain purchasing power, the Company aims to strengthen its working capital and increase its credibility with banks. Our Company plans to strengthen its working capital with %20-25 of the public offering proceeds.

The Company has switched to the registered capital system with the permission of the Capital Markets Board dated 17.03.2023 and numbered 331. The application made to the Capital Markets Board on 14.04.2023 regarding the shares with a nominal value of TL 75.000.000 to be issued due to the increase of the issued capital of the Company from TL 500.000.000 to TL 575.000.000 within the registered capital ceiling of TL 2.500.000.000 by completely restricting the rights of existing shareholders to purchase new shares was approved with the decision dated 03.08.2023 and numbered 44/916, and the said shares were offered to the public on August 8,9,10, 2023 at a price of 19TL/share, and thus, there was a fund inflow of 1.425.000.000,00 TL collected as a result of the capital increase corresponding to 75.000.000 shares with a total nominal value of TL 75.000.000 which were sold through the capital increase method in the public offering, and the capital increase process was completed.

Article 6 titled "Capital" of the Articles of Association of the Company indicating that the paid-in capital is TL 575.000.000 was registered by the İzmir Trade Registry Office on 04.09.2023 and announced in the Turkish Trade Registry Gazette dated 04.09.2023 and numbered 10906.

After deducting the brokerage commission (including BSMV) of TL 29.925.000,00 from the TL 1.425.000.000,00 consideration obtained from the capital increase, the Company obtained net funds of TL 1.395.075.000,00.

IV- PLACE OF USE OF THE FUND

348.768.750 TL corresponding to %25 of the 1.395.075.000 net funds raised from the public offering, was utilized in working capital as follows.

	USD	TL's Value
Short-term USD loans	10.100.000,00	273.445.930
Raw Material Purchase (Imported Coal)	2.780.086,15	75.322.820
TOTAL PAID	12.880.086,15	348.768.750

Within the scope of GES investments, construction of a GES investment with an installed capacity of 24.1 MWe on a land with a production volume of 147 MWe in the field of renewable energy generation in Manisa province has started, and the connection agreement was approved by the Ministry of Energy and Natural Resources of the Republic of Turkey with the letter dated 11.09.2023 and numbered E-78754540-104.01.06-2036518 for 51 MWe installed capacity permission in addition to 24.1 MWe installed capacity on the same land and entered into force.

The Company has received an investment incentive certificate dated 21.06.2023, numbered 555185 and amounting to 427.879.502,00 TL (as of the date of the report), for a period of 3 years from the Republic of Turkey Ministry of Industry and Technology.

In addition to the Investment Incentive Certificate obtained for the GES investment with an installed capacity of 24.1 MWe, an Investment Incentive Certificate dated 19.10.2023 and numbered 559912 with an amount of 947.962.564,00 TL and a term of 3 years was obtained from the Ministry of Industry and Technology for an additional investment of 51 MWe installed capacity.

Within the scope of investment incentives, Tax reduction (%70, YKO %30), Insurance Premium Employer's Share (6 Years) and VAT exemption support elements will be utilized.

The portion to be used in GES investments corresponding to %75 of the net TL 1.395.075.000,00 fund obtained from the public offering is 1.046.306.250 TL and as of 31.01.2024, all of TL 1.046.306.250 TL has been used in GES investments.

V. CONCLUSION AND EVALUATION

As a result, 348.768.750 TL corresponding to %25 of the net 1.395.075.000 TL funds obtained by the Company from the public offering, as stated in the fund utilization report, was used in working capital, including the payment of short-term USD denominated loans and the purchase of raw materials (imported coal). It was determined that %75 of the 1.046.306.250 TL corresponding to 1.046.306.250 TL was used in GES investments and the entire fund obtained from the public offering was used.

Regards,

Ahmet Hamdi GÖKDEMİR
Chairman of the Audit Committee

Deniz Tamer MÜLAYİM
Audit Committee Member