



Clean energy for a clean future



2022
Annual Report

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Message from the Chairman



Çağlar Göğüş

Chairman of the Board

Expecting our world to go a long way toward normalizing the pandemic, in 2022 we were confronted with the multiple impacts of the Russian-Ukrainian war. The disruption of natural gas supplies from Russia due to the war and the problems with the Nord Stream 1 pipeline led to a historic increase in natural gas prices in Europe. The point reached by the energy crisis in the euro area has prompted governments to take urgent measures to minimize their energy consumption.

Rising production costs and energy prices further fueled high inflation worldwide. The interest rate hikes and financial tightening measures implemented in this context put developing countries in particular under severe pressure. While the borrowing costs of developing countries increased, their purchasing power decreased.

As the world's leading central banks seek to tighten monetary policy, fears are growing that economies squeezed by high commodity prices could fall into recession. The IMF shared the view that one-third of the world economy and half of the EU could fall into recession by 2023. The OECD forecasts that the global economy will grow by 3.1% in 2022 and by 2.2% in 2023. All indicators show that the importance of energy will continue to increase, market conditions will become more difficult, and we are facing a period full of uncertainties.

Change is inevitable for our common future

On the other hand, in 2022 our world was again confronted with the intense effects of the climate crisis. The extreme climate events this year have shown that we do not have a minute to lose in the fight against climate change. Extreme weather events have caused deaths and major financial losses in many parts of the

Our goal is to become a global player in renewable energy with an environmentally friendly, reliable and sustainable business model.

world. During the year, we witnessed flooding disasters caused by excessive rainfall and droughts on the other side. While a third of the country was under water in Pakistan, historic temperature records of 40 degrees Celsius were broken in Europe. It was announced that the number of forest fires in the countries of the European Union is almost four times the 15-year average.

According to the World Economic Forum's Global Risk Report 2022, "lack of climate action" and "extreme weather events" are among the top 10 risks facing our world in the next 10 years. The Mediterranean region, which includes Turkey, is one of the regions that will be most affected by the negative impacts of climate change. Our country is facing the serious risks of the climate crisis, especially the decline of water resources and desertification.

Combating climate change: the goal of transitioning to a low-carbon economy requires multi-faceted and radical changes such as the adoption of growth strategies, energy policies, social policies, food security, and sustainable development goals. The energy sector, an emissions and resource-intensive sector, is one of the main players in the fight against climate change and one of the sectors most affected by legislation in this direction.

Renewable energy offers a field of opportunity

Developments in 2022 have shown how important renewable energy sources are for the whole world. The high potential of wind and solar energy in Turkey makes renewable energy an attractive investment sector that will reduce dependence on foreign countries. The fact that the share of energy in production costs has more than doubled in some sectors puts companies

that cannot optimize these costs at risk of losing their competitiveness. As a company that sources all of its energy production from renewable resources, we are convinced that with the right strategy and well thought-out measures, we can turn both environmental and economic risks into value. As Galata Wind, we contribute on the one hand to the security of energy supply, which is the most important prerequisite for development, and on the other hand we serve a sustainable future by relying exclusively on renewable resources.

Fossil fuels are not an option for us

Our goal is to become a global player in renewable energy with an environmentally friendly, reliable and sustainable business model. For this reason, we are closely monitoring investment opportunities in Turkey and abroad to increase our installed capacity from 269 MW to 550 MW by 2025. In addition to new projects, we have launched our initiatives to build hybrid solar power plants and power generation facilities with storage in the wind power plants we operate. To be a model company in sustainability, we are committed to investing in renewable resources rather than fossil fuels and therefore aim to reduce our operational carbon emissions to zero by the end of 2025.

Galata Wind, with its strong shareholder structure, high-quality equity, low leverage, experienced employees and corporate governance structure, has the ability and competence to achieve these goals. The upward revision of our long-term credit rating in 2022 is one of the important indicators of the healthy structure of our company. On the other hand, we are making great efforts to improve our corporate governance structure in line with the principles of sustainability. Corporate governance, one of the three ESG pillars,

We are closely monitoring investment opportunities in Turkey and abroad to increase our installed capacity from 269 MW to 550 MW by 2025.

is crucial for accessing sustainable investments and, in particular, investment funds that focus mainly on renewable energy. Our work on corporate governance and sustainability, which includes many elements such as the ability to manage environmental and social risks, sustainable performance, the ability to meet stakeholder expectations in every ring of the value chain, inclusion, social participation, women's empowerment, occupational health and safety, transparency and business ethics, continues uninterrupted. As a result of these studies, our company will be traded in the BIST Sustainability Index from 2023.

During the year, we formed a Sustainability Committee and an Investment Committee to more effectively support operational studies. We reached out to our investors each quarter to update them on our growth strategy. The corporate governance compliance rating of our company, which started to implement corporate governance principles after going public in 2021, was rated 9.40, which shows that our company is highly compliant with these principles. In this way, our company was included in the BIST Corporate Governance Index as of December 2022.

As part of our 2025 strategic goals, we will continue our efforts to increase our installed capacity and take advantage of new opportunities. At the same time, we will continue to follow good governance practices in our sector and around the world and apply these to our Company as well as improve our sphere of influence in this area through sustainability reporting and initiatives.

As we leave behind a successful year, I would like to express my sincere gratitude to all my colleagues who have worked so hard to achieve these results in our first operating period after going public, and to all our investors who have not spared their trust in us.

Sincerest regards,

Çağlar Göğüş
Chairman of the Board

Assessment of the Chief Executive Officer

Dear Stakeholders,

While the fight against the negative effects of the Covid 19 epidemic continues worldwide, the start of the war between Ukraine and Russia in February 2022 had global political, social, and economic consequences. The energy crisis that emerged when Russia severely curtailed natural gas supplies to European countries triggered major turmoil around the world. In the first half of 2022, natural gas prices in Europe increased fourfold and coal prices threefold compared with the same period in 2021, leading to a more than threefold increase in electricity prices in many countries.

The application of cap prices for gas and electricity by some European countries subsequently led to an increase in budget deficits. In recent years, EU countries that have focused their energy policies on moving away from fossil fuels and toward green energy have shelved plans to restart old coal-fired power plants and shut down nuclear power plants because of insufficient energy supplies.

In a difficult year we performed well

The Turkish economy was also severely affected by the energy crisis. The surge in energy prices and exchange rates has heightened concerns about energy security in Turkey and around the world. To support consumers and production, EMRA introduced a price cap in April that also applies to renewable energy companies. Its application was extended for 6 months in September. Despite the negative impact of the price cap on revenues, Galata Wind successfully completed 2022 thanks to its strong financial results in the first quarter and its operational performance throughout the year. Galata Wind's wind and solar power plants produced a total of 793,291 MWh of electricity in 2022. Our



Burak Kuyan
CEO

Despite the negative impact of the price cap on revenues, Galata Wind successfully completed 2022 thanks to its strong performance throughout the year.

company, which increased its EBITDA margin to 84.5%, also increased its net profit by 511% to TRY 1,043.96 million in 2021.

In line with our goal to increase our installed capacity to 550 MW by 2025, we have a number of investments planned for 2022. Part of our investment plans are hybrid SPPs that we intend to build within our existing power plants. In this context, our application for Taşpınar WPP was approved by EMRA. With the completion of the first phase of the power plant, which started with an investment of about USD 7 million, we intend to partially commission the hybrid power plant SPP with an installed capacity of about 17 MW in the first half of 2023. In addition, in line with our goal to expand our existing power plants suitable for capacity increase, we have obtained the necessary permits to increase the capacity of Taşpınar WPP by 13 MW. We plan to commission at least one of the two turbines to be added at the power plant, which currently has 14 turbines, by the end of 2023.

Our WPP site in Mersin also offers significant potential for increasing capacity. Based on our application for this field, we received approval from EMRA in February 2023 to expand capacity by 39 MW. We plan to rapidly complete the procedures in 2023-2024 and bring the project on stream.

As part of our growth strategy, we are also closely monitoring national and international acquisition opportunities. In 2022, we started project development by acquiring the license of Alapınar WPP in Muğla. An investment budget of USD 20 million has been budgeted for the power plant with an installed capacity of around 15 MW, which is scheduled to come on stream in 2024. In 2022, we signed a loan agreement with the EBRD in the amount of USD 45 million to support capacity

expansions. The loan, which matures in 2029, will be used to finance capacity expansion projects planned at our existing power plants over the next three years.

Evaluation of long-term opportunities

With the new regulation that came into force in November, it is possible to build new storage facilities for electricity generation and to add storage to existing power plants, which represents a new investment potential for us. Under this regulation, it is also possible to increase capacity based on wind and solar energy up to the capacity of the storage to be built. In line with our growth vision, we quickly sought investment opportunities in this area and applied for the construction of a storage power plant with a total installed capacity of 550 MW in 11 different cities, including 10 wind and 1 solar power plant. We aim to realize these investments totaling \$750 million, which we assess to be in line with our long-term goals for 2026 and beyond.

Renewable energy is gaining momentum in the World

The 2022 energy crisis has increased interest in renewable and clean energy technologies around the world. Many countries have realized how risky foreign energy dependence is and have launched urgent financial and regulatory programs to accelerate investment in clean and secure energy technologies. Global renewable energy capacity is expected to increase by 2400 GW over the next 5 years. This would be a growth equivalent to what the world has achieved in the last 20 years. In addition, the increase in energy efficiency and the rapid spread of electric vehicles around the world show that we are at an important turning point in terms of sustainability.

The share of renewable energy in Turkey could increase up to 65% in the next 5 years and become one of the 4 leading countries in Europe and 10 leading countries in the world.

Turkey is a country rich in renewable energy resources, and in line with the general trend in the world, renewable energy in our country has made a great leap in recent years. It is estimated that renewable energy in Turkey will increase by 65% in the next 5 years. If this growth is achieved, it is possible that Turkey will be among the top 4 in Europe and top 10 in the world. Activating this potential means reducing our country's dependence on foreign energy.

In 2022, electricity generation in Turkey decreased by 2.6% compared to the previous year and amounted to 326,015 GWh. About 42% of the generated electricity came from renewable sources. This share is higher than the European Union average of 37.5%. As Galata Wind, we are on our way to becoming the clean energy supplier of Turkey and are moving forward with determination within the framework of the great economic and energy transition in our country. By generating 100% renewable and environmentally friendly electricity, we support the natural life cycle of our planet. By signing the United Nations Global Compact in 2022, we have reaffirmed our determination to create a sustainable world.

In line with our 2025 strategic goals, we intend to accelerate our path in 2023 and 2024 with capacity expansions at our existing power plants and new investments that will rapidly contribute to both the country's economy and our company's growth vision.

As we leave behind a successful and productive year, I would like to take this opportunity to thank all of our stakeholders, especially my colleagues, who have contributed to achieving these results and to our success.

Sincerely,

Burak Kuyan
CEO



**Galata Wind
at a glance**

Galata Wind in Figures



Galata Wind Portfolio

Taşpınar WPP

İşletmeye alınış tarihi: Mart 2021

- Installed Capacity: **67.2 MW**
- Number of Turbines: **14**
- Annual Average Electricity Generation (MWh): **190,000**
- Capacity Utilization Rate: **%36.1***
- Annual Average Carbon Emission Reduction (tCO₂): **100,000**
- YEKDEM Expiry Date: **2030**
- Local contribution share: **+21 USD/MWh**
(until the end of 2025)

Çorum SPP (Unlicensed)

- Installed Capacity: **9.4 MW**
- Annual Average Electricity Generation (MWh): **14,000**
- Capacity Utilization Rate: **%20.0***
- Annual Average Carbon Emission Reduction (tCO₂): **7,000**
- YEKDEM Expiry Date: **2027**

Erzurum SPP (Unlicensed)

One of the most productive power plants in Aras Electricity's distribution area

- Installed Capacity: **24.7 MW**
- Annual Average Electricity Generation (MWh): **40,000**
- Capacity Utilization Rate: **%23.0***
- Annual Average Carbon Emission Reduction (tCO₂): **20,000**
- YEKDEM Expiry Date: **2028**

Şah WPP

17th largest power plant in Turkey

- Installed Capacity: **105 MW**
- Number of Turbines: **35**
- Annual Average Electricity Generation (MWh): **330,000**
- Capacity Utilization Rate: **%35.8***
- Annual Average Carbon Emission Reduction (tCO₂): **170,000**
- YEKDEM Expiry Date: **2021**

Mersin WPP

Türkiye'nin verimliliği en yüksek santrallerinden biri

- Installed Capacity: **62.7 MW**
- Number of Turbines: **20**
- Annual Average Electricity Generation (MWh): **215,000**
- Capacity Utilization Rate: **%43.2***
- Annual Average Carbon Emission Reduction (tCO₂): **110,000**
- YEKDEM Expiry Date: **2020**

(*) Capacity Utilization Rates are calculated based on the MWe power of the plants.

About Galata Wind

Galata Wind, a subsidiary of Doğan Holding, invests in sustainable energy sources for a clean future and generates 100% renewable electricity at its Gold Standard and VCS certified wind and solar power plants across Turkey. The company also designs solar power systems to be installed on the roofs of residences, schools, workplaces, gas stations and factories to enable the users to generate their own energy.

Galata Wind Energy reduces carbon emissions by approximately 400,000 tons every year by generating 100% clean electrical energy from renewable resources. With a total installed capacity of 269 MW, Galata Wind aims to reduce the country's dependence on imported energy by utilizing renewable energy sources and to become Turkey's clean electricity provider with an environmentally friendly, reliable and sustainable business model.

Headquartered in Üsküdar, İstanbul, Galata Wind generates electricity at Şah WPP in Bandırma, Balıkesir, Mersin WPP in Mut, Mersin, Taşpınar WPP in Nülüfer, Bursa, Çorum SPP in Çorum, and Erzurum SPPs in Aziziye, Hınıs and Karayazı, Erzurum.

Mersin WPP, one of the company's wind power plants, was granted a generation license in 2007 and commissioned in 2010. Şah WPP received its license in 2008 and was commissioned in 2011. Investments were made in 2013 to add 12 MW of installed capacity to Şah WPP and 9 MW to Mersin WPP. With a further investment in 2017, state-of-the-art turbines with 20.7 MW capacity were put up at Mersin WPP, increasing the total installed capacity to 62.7 MW.

Galata Wind received the preliminary license for its own Taşpınar WPP project in 2017 and started construction in 2020, upon the issuance of its license. Taşpınar Wind Power Plant was commissioned at full capacity in March 2021.

Galata Wind invested in the unlicensed solar power area in the 2017-2018 period and acquired Çorum solar PV. Then, Erzurum PV was acquired in the 2018-2019 period.

Sunflower Solar, a subsidiary of the company, carries out its activities to ensure that every household generates its own clean energy with commercial and industrial solar roof projects. The company also conducts research on alternative and niche technologies such as electric vehicle charging stations and battery systems.

Operating with a team of expert, well-equipped and agile professionals, Galata Wind has strived to contribute to the national economy and the industry since its inception, working toward a more sustainable future. With significant investments in green, clean and renewable power generation plants, Galata Wind is committed to growing its portfolio only with renewable energy projects.

Galata Wind aims to grow the capacity of its portfolio to 550 MW by 2025 with only renewable energy investments through a number of actions: increasing capacity in the existing power plants, acquiring operational WPPs and PVs in Turkey, participating in the government's YEKA tenders, applying for electricity storage power generation capacities, and acquiring small and medium-sized power plants or developing projects abroad. For Galata Wind, the ultimate goal is to provide its investors with environmentally friendly, clean, sustainable and foreseeable profit margin and cash flow by including renewable power plants with guaranteed purchase agreements and long-term bilateral agreements in its portfolio.

With significant investments in green, clean and renewable power generation plants, Galata Wind is committed to growing its portfolio only with renewable energy projects.



Vision, Mission and Our Principles



Our Vision

To create sustainable value for our country and stakeholders with our competent employees, by generating electrical energy exclusively from renewable sources in line with our environmentally friendly, respectful and transparent management principles.

Our Mission

To become a preferred, exemplary, pioneering and respected organization with top-of-the-mind recognition in Turkey and in the region with an environmentally friendly, reliable and sustainable business model while reducing Turkey’s dependence on imported energy by using national renewable energy sources.

Principles and Our Core Values

At Galata Wind, we adopt Doğan Holding’s core values as our own;

- Appreciating value
- Innovation
- Accountability and transparency
- Passionate about our work
- Succeeding together

Customer Satisfaction

Ensuring the satisfaction of our customers and communities is the focus of all of our activities. We complete and fully deliver our commitments on time.

Continuous Improvement

We monitor our processes with quality, environment, occupational health & safety, and energy performance indicators and strive to improve our system before irregularities occur.

Highly Qualified Employees

We work as a goal-driven team of qualified professionals, specialized in their respective areas, each working with a high level of knowhow, passion for their jobs, responsibility and pride, without engaging in personal conflicts.

Protecting Human and Environmental Health

For us, mitigating all the risks that may harm human and environmental health and keeping our people and the public informed is an integral part of our processes and activities.

Galata Wind's 2025 Strategy

Galata Wind focuses its core business on renewable energy generation and has many years of experience in operating renewable energy power plants. With its low leverage and strong capital structure, the company is able to make investments that provide high profitability and predictable cash flows at lower costs and operate at high operational efficiency.

One of Galata Wind's strategic goals is to grow and become a global player in the renewable energy sector. The company is taking strategic steps to achieve this goal:



Galata Wind, whose overall score was increased from 57/100 to 60/100 in the sustainability rating report updated in 2022, thus received the A1 “Advanced Level” qualification.

Focus on potential growth areas to become one of the leading renewable energy generator in Turkey and the world...

Galata Wind is closely monitoring industry developments to take advantage of growth opportunities. The company's potential growth areas have been identified as follows:

Capacity Increases

The Company has the potential to increase the installed capacity of the power plants in which it currently operates. In this regard, application procedures are being followed and the necessary applications for capacity increases are being submitted.

New business acquisitions and/or project development in the renewable energy sector

The Company has established a business development team to review opportunities for acquisitions and project development. The market is constantly monitored for domestic and international opportunities that meet the investment criteria.

Business models through new legislation

In parallel with the growth of the Turkish electricity sector, new business models are emerging and regulations are being updated to provide a basis for these business models. Galata Wind is evaluating the right investment opportunities that will create value for its stakeholders from these business models. In this context, the company:

- It continues its efforts to establish hybrid SPP within the wind power assets it owns.
- It has applied to establish a power generation facility with storage.
- Among the wind and solar YEKA areas tendered by the Ministry of Energy, those that are suitable for its investment strategies will be bid.

Increasing revenue from the sale of carbon credits...

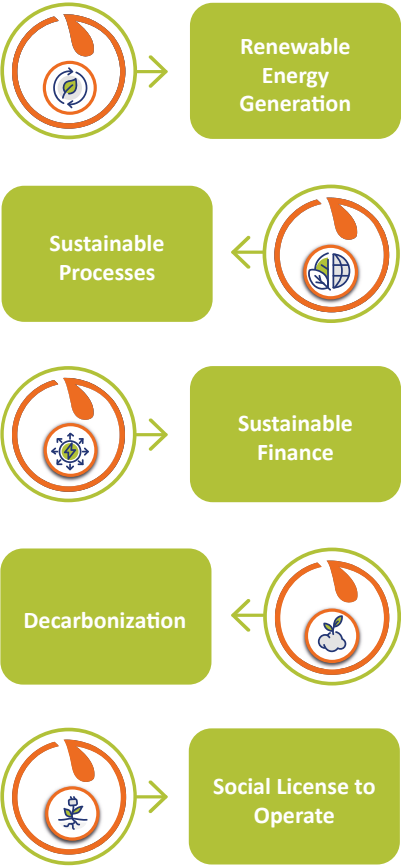
Carbon credits with Gold Standard and VCS certificates are issued via all of the Company's power plants. In view of the developments in the areas of the environment and sustainability, which are assuming increasing importance worldwide (Paris Agreement and climate targets, European Union Green Deal, and Carbon Border Adjustment Mechanism), the Company expects carbon credit prices and thus revenues from carbon credits to increase.

Optimizing operational efficiency...

Galata Wind considers the optimization of its operational efficiency as a fundamental priority, supplying high-quality turbines and panels for its power plants, using the most efficient systems by following technological developments, and monitoring its power plants continuously and from a single center. The company conducts continuous improvement studies in this direction and evaluates possible options to improve production performance. The company strives to achieve the best possible availability for all its plants.

To be an exemplary company in the field of sustainability...

Sustainability Strategy



Galata Wind, which is realizing Turkey’s first green IPO with its collective portfolio consisting exclusively of wind and solar energy, is acting with the aim of becoming a leading and exemplary company in the field of sustainability in the energy sector. Detailed information about the company’s sustainability strategy can be found in the “Galata Wind and Sustainability” section of the report.

With the aim of differentiating itself from other companies in the sector and being a pioneer in sustainable development, Galata Wind has opened its operating strategy to monitoring by international organizations and has made the following commitments in a transparent manner to ensure the implementation of this strategy.

Galata Wind commits;

- It will never invest in fossil resources, only in renewable resources,
- It will reduce its operational carbon emissions (Scope 1) to zero by the end of 2025,
- It will validate carbon emissions reductions until the end of the Gold Standard and VCS periods and have carbon credits verified,
- Increase the proportion of women in senior management at headquarters to over 30% within two years,
- It will have at least one female member on its Board of Directors.

Sustainability Rating

Galata Wind is rated by independent international organizations for its sustainability practices. The company has undergone a comprehensive sustainability rating by Moody’s ESG Solutions (formerly VigeoEiris). Galata Wind, whose overall score was increased from 57/100 to 60/100 in the sustainability rating report updated in March 2022, thus received the A1 “Advanced Level” qualification. The report states that Galata Wind has demonstrated advanced performance in the areas of human capital and operational efficiency, and has a firm commitment and ability to integrate environmental, social and corporate governance (ESG) factors into its strategy.

According to the analysis conducted by Sustainalytics in June 2022, Galata Wind’s Environmental, Social and Governance (ESG) Risk Rating Score was determined to be 19.9. This score reflects that the company adheres to ESG governance best practices, has board-level oversight of ESG issues, and has a “low” risk of being financially impacted by ESG factors. In terms of ESG risk rating, Galata Wind ranked 80th among 675 companies in the Electricity Services (Utilities) sector.

Keep revenues and costs predictable...

Galata Wind will allow its power plants to benefit from YEKDEM throughout their lifetime under this mechanism as long as YEKDEM prices are above spot prices. Otherwise, or at the end of the YEKDEM term, the company aims to fix its electricity sales from its power plants annually through bilateral agreements linked to the spot price.

On average, 75% of the company’s operating expenses are directly related to contracts or tariffs. These expenses are maintenance costs, land lease, transmission, distribution and insurance costs.

Maintaining a strong capital structure and low leverage...

Galata Wind’s debt-to-equity ratio is the lowest compared to the companies in the BIST Electricity Index. Thanks to its strong capital structure, the company is able to make new investments with its own funds. With the goal of increasing installed capacity from 269 MW to 550 MW by 2025, the company plans to keep its net debt/EBITDA ratio below 3.5-4x to achieve this goal. Currently, this ratio is close to zero.

Certifications

With a respected and trusted brand identity, Galata Wind always prioritizes integrated quality management system applications and legal requirements and carries out its operations in line with its vision, mission and values. Galata Wind’s head office and all its plants hold the following certifications:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 10002:2018 Customer Satisfaction Management System
- ISO 50001:2018 Energy Management System
- ISO 27001:2013 Information Security Management System

With some obtained in 2015, the certificates are renewed every three years and are subject to an interim inspection every year. In 2021, all certifications were renewed for three years.

Integrated Management System

As a company that recognizes the importance of standardization and quality control mechanisms, Galata Wind included the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 certifications within the scope of Integrated Management System and developed a joint documentation system. With this move, all the internal and external factors, which are associated with mission and strategic direction of the company and impact the integrated management systems’ ability to achieve the intended results, have been documented. This documentation is reviewed annually by the management and updated as needed.

The Integrated Management System ensures that all the processes and services, customer requests, and applicable legal/regulatory requirements are met. Galata Wind defines the processes required by the Integrated Management System as follows:

- Processes are managed in accordance with the respective standard’s requirements.
- The necessary KPIs have been determined to ensure efficient execution and control of processes.
- The resources and information needed to facilitate the execution and monitoring of processes have been

made available on site.

- Process measurements and analyses have been defined with targets.
- Necessary activities are organized and carried out to achieve the planned results and continuous improvements in the processes.

The senior management at Galata Wind facilitates the implementation of the integrated management system by providing a guideline for how the system is continuously improved in terms of effectiveness and what actions are taken. Accordingly:

- The importance of fulfilling legal and regulatory requirements and meeting customer requests is communicated to the employees through training programs, processes and documents.
- An Integrated System Policy is introduced.
- Galata Wind determines its primary goals and ensures that quality targets are set for relevant functions and levels.
- The systems are reviewed at regular intervals.
- All the resources needed for the implementation, development and continuous improvement of the management system are provided.

With a respected and trusted brand identity, Galata Wind always prioritizes integrated quality management system applications and legal requirements and carries out its operations in line with its vision, mission and values.



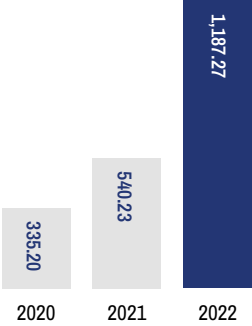
Financial Indicators

In analyzing and interpreting the Company’s financial standing and results, the financial information below should be considered along with other financial information included in the **Consolidated Financial Statements and Footnotes**.

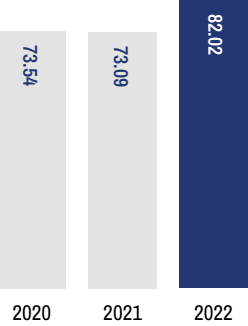
	2022	2021	2020
Consolidated Income Statement (TRY million)			
Sales	1,187.27	540.23	335.20
Gross Profit	973.80	394.86	246.50
Operating Income/Expense (-)	-35.60	-29.95	-17.24
Other Operating Expenses, net	168.35	40.43	45.06
EBIT	1,106.55	405.34	274.31
EBITDA	1,002.78	428.07	263.80
Net Financial Expenses	-171.21	-208.98	-75.59
Net Profit for the Period	1,043.96	170.91	156.36
Earnings Per Share	1.9521	0.3196	0.2924
Price/Earnings Ratio (%)	11.66	18.25	
Gross Profit Margin (%)	82.0	73.1	73.5
EBIT Margin (%)	93.2	75.0	81.8
EBITDA Margin (%)	84.5	79.2	78.7
Net Profit Margin (%)	87.9	31.6	46.6
Consolidated Statements of the Financial Position (TRY million)			
Total Assets	2,466.36	1,767.59	1,620.62
Current Assets	908.31	389.09	171.50
Cash and Cash Equivalents	659.08	158.92	66.12
Non-Current Assets	1,558.05	1,378.50	1,449.12
Property, Plant & Equipment	892.68	880.68	849.66
Intangible Assets	341.39	312.94	319.69
Total Liabilities	576.12	769.90	693.38
Current Liabilities	107.31	288.05	302.49
Non-Current Liabilities	468.81	481.85	390.89
Short-term and Long-term Borrowings	511.42	632.28	403.43
Total Equity	1,890.24	997.69	927.24
Net Debt	-82.96	610.98	627.26
Net Financial Debt*	-147.66	473.36	337.30
Capital Expenditure**	108.20	85.19	425.07
ROA (%)	42.3	9.7	9.6
ROE (%)	55.2	17.1	16.9
Net Financial Debt/EBITDA (%)	-0.15	1.11	1.28
Net Financial Debt/Equity (%)	-0.08	0.47	0.36
Financial Debt/Assets (%)	0.2	0.4	0.2

* Short-term borrowings short-term portions of long-term borrowings long-term borrowings cash and cash equivalents have been taken into consideration.
** Cash outflows from the purchase of tangible and intangible assets

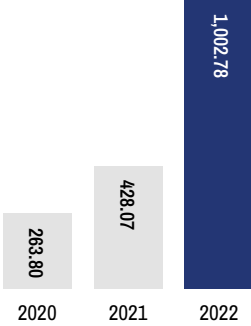
REVENUE
(TRY million)
1,187.27



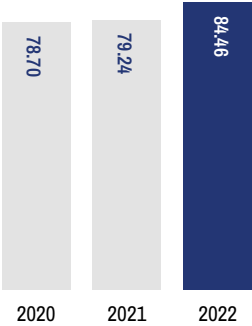
GROSS PROFIT MARGIN
(%)
82.02



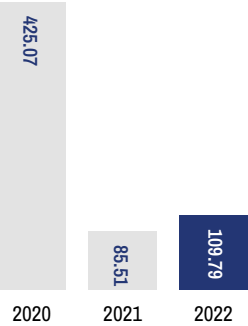
EBITDA
(TRY million)
1,002.78



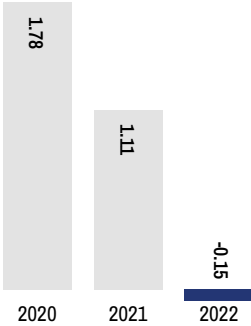
EBITDA MARGIN
(%)
84.46



CAPITAL EXPENDITURE
(TRY million)
109.79



NET FINANCIAL DEBT/
EBITDA
-0.15



Investor Relations and Stock Performance

Investor and Shareholder Relations

The Investor Relations Department is responsible for the company’s relations with the investors and shareholders. The department is headed by:

Investor Relations and Sustainability Director
Corporate Governance Committee and Sustainability
Committee Member
Halide Müge Yücel
Capital Market Activities Level 3 License (207941)
Corporate Governance Rating License (701487)

Investor Relations Contact Details:
Phone: +90 216 556 9474
E-mail: ir@galatawind.com.tr
Website: <http://www.galatawindenerji.com/en>

The primary responsibility of the Investor Relations and Sustainability Department is to disclose information about the company, except for trade secrets and other information intended to remain confidential, in an accurate, consistent and timely manner to avoid asymmetrical dissemination of information. The department also functions as a bridge between the company and the capital market regulators and players. Furthermore, the department facilitates two-way communication between the Board of Directors and local and foreign investors and shareholders with the aim of elevating the profile of the company and ensuring communication and information flow regarding to the company’s activities, financial status and strategies.

The Investor Relations and Sustainability Department reports directly to Burak Kuyan, Board Member and Chief Executive Officer. The department is headed by H. Müge Yücel, who is responsible for ensuring the company’s compliance with the obligations imposed by Capital Markets legislation, managing the daily activities of the Department, expanding the shareholder base and corporate governance, and coordinating the sustainability practices within the company.

In 2022, the Investor Relations Department attended or held more than 60 local and international teleconferences, video conferences, in person meetings, and a roadshow. During the year, the department organized four multi-participant webinars with the senior management in attendance, reaching 91 local analysts and portfolio managers in total. In these online events, the department and the management shared information about the company’s activities, operational performance, strategy, targets, investments,

and sustainability efforts. The department responded to all incoming requests via phone, email or in one-on-one meetings without exception by providing publicly available information in line with the company’s Disclosure Policy.

The Investor Relations and Sustainability Department adopts a proactive strategy. Accordingly, the department has shared information about the company’s financial, operational and investment activities with the shareholders and potential investors on several occasions, including the meetings organized by the company during the year. The department also held two video conferences with the local corporate investors to provide information. Following the targeting strategy to build and expand the foreign investor base, the department focused on addressing investor types that align with the company’s activities and growth vision. As part of this strategy, emails promoting the company were sent out to more than 420 institutions. Furthermore, the department communicated online and offline with foreign institutions in Boston, Chicago, Frankfurt, Copenhagen, London, Miami, Milan, New York, Oslo, Stockholm and Warsaw to promote the company.

The investor relations strategy is reviewed every other year and submitted to the Board of Directors. As part of this strategy, a report on investor relations activities and stock performance, prepared at regular intervals, is presented to the Corporate Governance Committee for consideration. Investor relations activities are included among the agenda topics of at least two Board meetings during the year. In addition, the Board of Directors and relevant members of the senior management receive daily, weekly and monthly reports.

In the second quarter of 2022, the responsibility for the company’s sustainability activities and related communications was assigned to the Investor Relations Department, which was renamed as the Investor Relations and Sustainability Department. With this new responsibility, the department signed an agreement with a sustainability consultant to effectively manage the environmental and social impact of the company, the corporate governance principles in relation to company’s activities, the decision mechanisms and the associated risks and opportunities. As part of these activities, the department has started to prepare the Sustainability Report in accordance with the GRI standard. The company will publish its first sustainability report providing an overview of its sustainability activities and performance in 2022 in accordance with the new reporting framework in 2023. Based on the sustainability

activities and performance announced so far, the company was included in the BIST Sustainability Index in the first quarter of 2023. More information on the company’s sustainability activities is provided in the “Galata Wind and Sustainability” section of the Annual Report.

Shareholders’ Right to Information

The Investor Relations and Sustainability Department plays a key role in protecting shareholders’ rights and facilitating the exercise of these rights. No exceptions are made in relation to the shareholders’ rights to examine and obtain information. Furthermore, all information about the company, except for trade secrets and other information intended to remain confidential, are made available to the shareholders in line with the company’s Public Disclosure Policy. For this purpose, the corporate website (www.galatawindenerji.com) is regularly updated with information and disclosures in Turkish and English.

The right to appoint a Special Auditor is not specifically regulated in the company’s Articles of Association, and the company management does not restrict any special audits. The company acts in accordance with Article 438 of the Turkish Commercial Code. Accordingly, each shareholder may request the appointment of a special auditor from the General Assembly even when such a request is not on the agenda, provided that they have exercised their right to obtain and review information. If the General Assembly approves this request, the company or each shareholder may file an application with the commercial court in the same district as the company’s head office within 30 days to appoint a special auditor. No request was received during the reporting period regarding the appointment of a special auditor.

General Assembly Meetings

The Ordinary General Assembly of Galata Wind to review the activities of the fiscal year 2021 was held on March 23, 2022 at 10.00 am at the company’s head office at Burhaniye Mahallesi, Kısıklı Caddesi, No: 65 34676 Üsküdar, İstanbul. The call to meeting was published in the Turkish Trade Registry Gazette (TTSG) no. 10527 on 01.03.2022 and on the Public Disclosure Platform (KAP) and the e-General Assembly System (e-GKS) of the Central Securities Depository (CSD) on 25.02.2022 according to procedure.

The shareholders may attend the meeting in person or connect electronically via e-GKS to cast their votes. To encourage the attendance of the shareholders, the General

Assembly Meetings are organized in a way to eliminate inequality among the shareholders and to enable them to attend at the lowest cost possible.

The annual report, which includes financial statements, the independent audit report, and the Board of Directors’ dividend distribution proposal, required by Article 437 of the Turkish Commercial Code No. 6102, and the compliance reports, required by the Corporate Governance Principles, along with all necessary notes and statements required by applicable legislation, have been made available for the shareholders to view within the legal period of 3 weeks before the ordinary general assembly meeting on the Public Disclosure Platform (KAP), the e-General Assembly System of Central Securities Depository, and the corporate website.

Burak Kuyan (Board Member and Chief Executive Officer), Bora Yalınay (Vice Chairman), Neslihan Sadıkoğlu (Board Member), Özlen Ertuğrul Cendere (Chief Legal Counsel - Executive Board Member), Mehmet Ali Gürpınar (Chief Operations Officer- Executive Board Member), and Müge Yücel (Investor Relations & Sustainability Director) were present at the General Assembly Meeting. A representative of the independent audit firm conducting the external audit of the company also attended the meeting.

At the Ordinary General Assembly Meeting, out of 53,479,145,765 shares corresponding to a total capital of TRY 534,791,457.65, a total of 40,066,501,865 shares were represented, consisting of 56,100,100 shares present in person and 40,010,401,765 by proxy. Each agenda item was voted on separately and the results were announced after the votes were counted and before the end of the meeting. The chairman presiding over the meeting acted diligently to ensure that the agenda topics were communicated in an impartial and detailed manner with a clear and comprehensible delivery and gave the shareholders the opportunity to express their thoughts and ask questions under equal conditions. The meeting chairman answered every question directed by the shareholders during the General Assembly Meeting by providing information, which did not constitute a trade secret, on the spot. The questions asked during the meeting and the answers to these questions were disclosed to the public on the corporate website. The Investor Relations and Sustainability Department did not receive any written request from the shareholders about adding an item to the meeting agenda. Minutes of the General Assembly are always open to the shareholders on the corporate website, and can also be viewed at the company’s headquarters.

At the meeting, the company’s “Dividend Distribution Policy,” “Donation and Aid Policy,” and “Disclosure Policy” were submitted to the shareholders for approval. In accordance with the provisions of the CMB Communiqué II-17.1, the General Assembly was advised about the transactions with related parties and the guarantees, pledges and liens given in favor of third parties. The shareholders also received information about the donations that the company made during the reporting period and their recipients. The donation limit for the next accounting term was also determined.

Voting Rights and Minority Rights

The company’s Articles of Association do not specify any privileges regarding the voting rights. Each share is entitled to one vote at the Ordinary and Extraordinary General Assembly meetings. CMB regulations on voting by proxy are strictly enforced. All shareholders are provided with the opportunity to vote equally, easily and conveniently. Information on the company’s shareholding structure as well as the voting rights and voting privileges granted by the shares are specified in the General Assembly documents.

The regulations clearly state that one share is entitled to one vote and no voting privilege is granted to any group

of shareholders. In the General Assembly meetings, the shareholders may be represented by other shareholders or through a proxy they will appoint in line with the regulations regarding voting by proxy under the Capital Markets Law.

Shareholders may participate in General Assembly meetings electronically in line with Article 1527 of the Turkish Commercial Code and Article 14 of the Articles of Association. Even though the Articles of Association do not specify a ratio of less than 5% regarding the exercise of minority rights, Galata Wind acts with utmost care in the exercise of minority rights pursuant to the applicable provisions of the Turkish Commercial Code.

Privileged Shares

According to the current shareholding structure described on page 32 of the Annual Report, there are no privileged shares in the company.

Stock Performance

Galata Wind Enerji A.Ş. shares have been traded on Borsa Istanbul A.Ş. since April 22, 2021 and the share price was TRY 22.76 as of December 31, 2021. Details regarding the stock performance of the company are provided below:



2022 Stock Performance

Stock Exchange:	Borsa Istanbul
Market:	Star
BIST Ticker:	GWIND
Reuters Ticker:	GWIND.IS
Bloomberg Ticker:	GWIND.TI
Initial Public Offering:	22 April 2021
Total Number of Shares (mn):	534.8
Free Float Rate:	29.92%

Indices

BIST BALIKESIR / BIST SERVICES / BIST 100 / BIST ELECTIRICTY / BIST SUSTAINABILITY PARTICIPATION / BIST STARS / BIST 100-30 / BIST DIVIDEND / BIST PARTICIPATION 50 / BIST SUSTAINABILITY / BIST PARTICIPATION DIVIDEND / BIST PARTICIPATION 100 / BIST IPO / BIST ALL SHARES / BIST DIVIDEND 25 / BIST CORPORATE GOVERNANCE / BIST PARTICIPATION ALL SHARES

Source: www.kap.org.tr/en

	TL	USD
Share Price (31.12.2022)	22.7600	1.2172
Lowest (21.03.2022)	6.0800	0.4104
Highest (25.11.2022)	27.6200	1.4844
Market Cap. (31.12.2022) (million)	12,171.9	651.0
Daily average trading volume (million)	111.2	6.4

Material Changes After the End of the Reporting Period

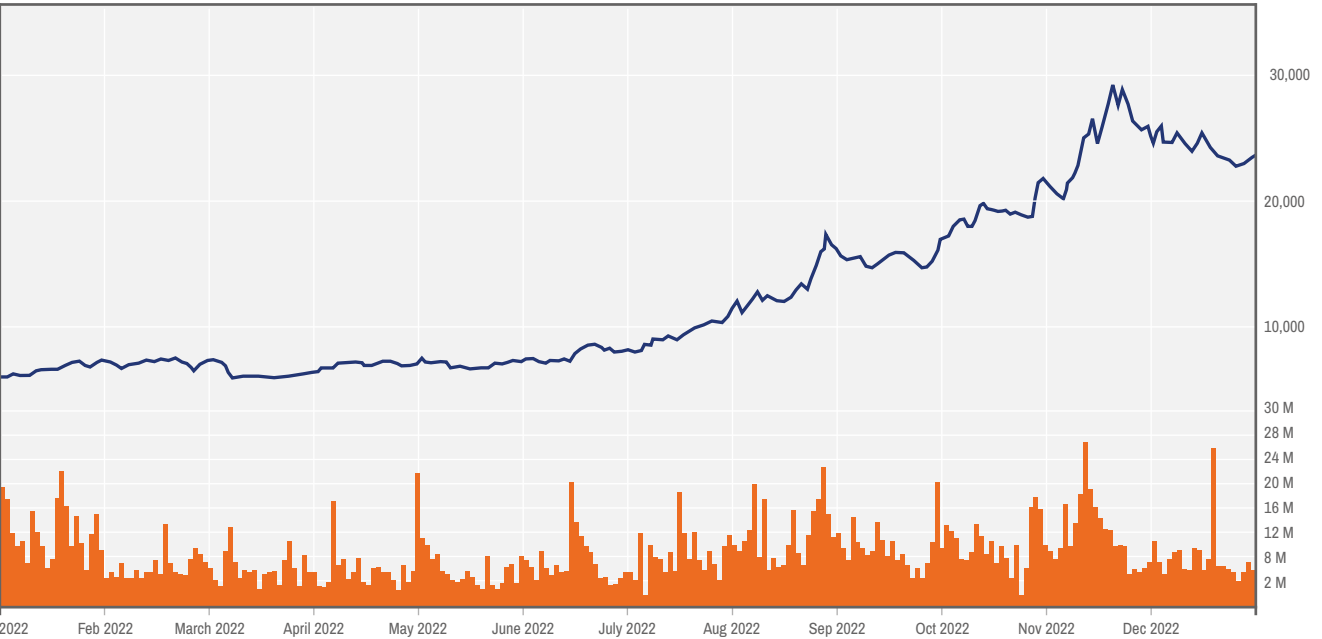
Material Event Disclosures and Notifications published from December 31, 2022 to February 21, 2023:

13.02.2023 - License amendment for Mersin WPP project

The application for capacity increase for Mersin Wind Power Plant in Mut District, Mersin Province, which has been in operation since 2012, was approved with the Letter of Approval of the Energy Market Regulatory

Authority (EMRA) dated February 02, 2023, and notified to the company on February 10, 2023. Thus, the installed capacity of Mersin WPP power plant was increased by 39 MW and changed to 101.7 MWm / 95.85 MWe and included in the generation license. As part of the capacity expansion, it is planned to install 6 new turbines at the Mersin WPP, for which the necessary EIA permits have also been obtained. Other approval procedures are being pursued at full speed. The new turbines to be installed at the Mersin WPP site are expected to be fully commissioned in the first half of 2024, once all procedures have been completed.

2022 Stock Performance Chart



Capital and Shareholding Structure

There were no changes to the issued capital of the company as of December 31, 2021. In the reporting period, the company did not increase its capital or issued any capital market instruments.

The shareholding structure of Galata Wind as of 31.12.2021 is shown in the table below:

Shareholder's Full Name/Trade Name (*)	Share (TL)	Share (%)	Voting Right (%)
Doğan Şirketler Grubu Holding A.Ş.	374,354,017.65	70	70
Free Float	160,437,440	30	30
Total	534,791,457.65	100	100

* Real persons and legal entities that hold 5% or more direct shares or voting rights in the capital.

Dividend Distribution Policy

GALATA WIND ENERJİ A.Ş. DIVIDEND DISTRIBUTION POLICY

Galata Wind Enerji A.Ş. (“Company”) makes decisions regarding dividend distribution and discloses them to the public in accordance with the applicable provisions of the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly. Accordingly:

1. In principle, the portion of the “net distributable profit for the period” corresponding to at least 5% of the issued capital and calculated per Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions may be distributed, taking into account the financial statements issued in compliance with the Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions.
2. If the dividend intended to be distributed from the “net distributable profit for the period” calculated per Article 1 above exceeds 5% of the issued capital, the financial statements, financial status, and investment plans of the company as well as the general economic outlook and market conditions will be taken into account to determine the dividend distribution ratio.
3. The dividend distribution proposal is disclosed to the public within the legal deadlines as required by the Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions.
4. If the “net distributable profit” calculated in accordance with the legal records pursuant to the Turkish Commercial Code and the tax laws is:
 - a) lower than the “net distributable profit for the period” calculated per Article 1 above, the “net distributable profit” calculated in accordance with the legal records pursuant to the Turkish Commercial Code and the tax laws will be taken as basis for dividend distribution distributed in its entirety,
 - b) higher than the amount calculated per Article 1, action is taken per Article 2.
5. If there is no “net distributable profit for the period” per the legal accounting records kept in accordance with the Tax Legislation and the Uniform Account Plan (“Accounting System Practices General Communiqué”) published by the Ministry of Finance, dividend may not be distributed per the Capital Markets Legislation, Capital Markets Law, and CMB Regulations and Resolutions.
6. If the calculated “net distributable profit for the period” is below 5% of the issued capital, it is possible not to distribute any dividend.

7. The upper limit for the donations and aid that the company will extend within the accounting period in compliance with the Capital Markets Legislation, Capital Markets Law, CMB Regulations and Resolutions and in accordance with the provisions of the Articles of Association, will be determined by the General Assembly. No donations may be made in amounts exceeding the limit set by the General Assembly, and the donations will be added to the “net distributable profit” base.
8. Dividend pay outs start within the periods permitted by the Capital Markets Legislation, Capital Markets Law, and CMB Regulations and Resolutions, and in any case, no later than the end of the accounting period.
9. In accordance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association, and per the resolutions of the General Assembly, the company may distribute the dividend in cash and/or “bonus shares,” or may pay it in installments.
10. The company may also pay out dividends to individuals who are not shareholders per the General Assembly resolutions. In such a case, applicable provisions of the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB Regulations and Resolutions, and the Articles of Association will be followed.
11. The company may decide to distribute an “advance dividend” in accordance with the applicable provisions of Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB Regulations and Resolutions, Tax Laws, other applicable legislation, the Articles of Association, and the General Assembly Resolution, and may out an advance on dividends.
12. Investments requiring significant amounts of cash outflow to increase the share value, material issues affecting the financial structure, important uncertainties and problems in the economy, the market and other areas outside the control of the company will be taken into account in making dividend distribution decisions, and determining the dividend distribution amount and percentage. In such cases, even if there is a “net distributable profit for the period” base, it is possible not to distribute dividends or a dividend distribution may be proposed for a lower amount and a percentage than those calculated per the above criteria.

At the Ordinary General Assembly meeting on March 23, 2022, it was decided to distribute a “cash” dividend amounting to TRY 150,000,000 in total. The dividend pay outs were completed on May 30, 2022.

Milestones

2006

- The company was incorporated with the title of GY Enerji Danışmanlık Proje Mühendislik Üretim Ticaret ve Sanayi Limited Şirketi.

2007

- The company was renamed as Galata Wind Enerji Limited Şirketi.

2012

- The company holding the license for Şah WPP was renamed as Galata Wind Enerji Anonim Şirketi and was acquired by Doğan Group.
- Akdeniz Elektrik Üretim A.Ş., which holds the license for Mersin WPP was acquired by Doğan Group.

2014

- Galata Wind and Akdeniz Elektrik were merged under the legal entity of Galata Wind, which took over the license for Mersin WPP.

2017

- An additional capacity of 21 MW was commissioned in Mersin WPP on 20.12.2017.

2018

- Çorum SPP was acquired 15.03.2018.
- All the companies (9 separate entities in total) affiliated with Çorum SPP were merged under Galata Wind on 07.06.2018.

2019

- Erzurum PV was acquired on 15.03.2019.
- All the companies (17 in total) affiliated with Erzurum SPP were merged under Galata Wind on 31.12.2019.

2020

- Construction commenced at Taşpınar WPP.
- Power generation started at Taşpınar WPP on 28.10.2020, following the partial acceptance by the Ministry.
- All stakes in Sunflower Solar Güneş Enerjisi Sistemleri Ticaret Anonim Şirketi were acquired.

2021

- Taşpınar WPP was commissioned at full capacity in March.
- The company began trading on Borsa İstanbul with the GWIND ticker on 22.04.2021.

2022

- The “EIA Positive” decision for the “Taşpınar Hybrid SPP” project was approved.
- Galata Wind received an ESG Rating of ‘Advanced’ (A1) score from Moody’s ESG Solutions, which increased the company’s rating from 57/100 to 60/100 on 24.03.2022.
- As a result of the analyses conducted by Sustainalytics on 14.06.2022, Galata Wind’s Environmental, Social and Governance (ESG) Risk Rating Score was determined as 19.9.
- The Sustainability Committee was reshaped and Investment Committee was formed.
- In Taşpınar WPP, approval to add 2 new turbines, both with mechanical (MWm) and electrical (MWe) power, was obtained on 01.09.2022.
- An agreement was signed on 23.09.2022 to acquire of the shares of Gökova Elektrik Üretim ve Ticaret A.Ş..
- A loan agreement for US\$ 45 million to mature in 2029 was signed with the European Bank for Reconstruction and Development (EBRD) on 26.10.2022.
- A prelicense application was filed for an electricity storage power generation plant with a total capacity of 550 MW, 500 MW WPP and 50 MW SPP on 24.11.2022.
- The Corporate Governance Compliance Rating was determined as 9.4 out of 10 on 20.12.2022 and the company started to be traded in the Corporate Governance Index.



Management Report

Board of Directors



Çağlar Göğüş
Chairman

Çağlar Göğüş earned his bachelor's degree in Business Administration at Bilkent University in Turkey and an MBA from the University of Florida. He began his professional career in 1996 as a Senior Analyst at Coopers & Lybrand (currently PwC). After serving as a Senior Analyst and consultant at Arthur Andersen and AT Kearney, he joined the Peppers & Rogers Group in 2000. Later becoming an international partner at Peppers & Rogers, he initially served as the General Manager overseeing after-sales services in all regions. Göğüş played an important role in Peppers & Rogers' growth in the EMEA region and beyond. Through his consultancy work for over fifty major companies and regulatory authorities across several markets, he has gained special expertise in strategic growth and transformation.

Having gained vast experience over the years in the new economic order as well as in classic economics, Göğüş joined the Doğan Group in 2015 as an independent board member for Hürriyet Gazetecilik. After holding this position for one year, he served for over two years as Chief Executive Officer (CEO) at Hürriyet Gazetecilik. During his term, he oversaw major projects, including those involving digital transformation, efficiency, profitability, the redefining of business processes and the designing of a corporate identity for Hürriyet Emlak (Hürriyet Real Estate and Properties).

Göğüş, who has been the Chief Executive Officer and Executive Board Member at Doğan Holding since 2019, also serves as the Chairman at Galata Wind Enerji, Ditaş Doğan Yedek Parça, Doğan Burda Dergi, Doğan Dış Ticaret, Doğan Trend Otomotiv, Doruk Faktoring, Hepiyi Insurance, and Öncü Girişim Sermayesi; Vice Chairman at DMC, D Investment Bank, and Doğan Publishing. He is also a Board member in a number of companies, including Karel Elektronik, SESA Ambalaj, Hürriyet Emlak, Aytemiz, Alterna Yazılım, and Düş Yeri.

Çağlar Göğüş, who leads the sustainability efforts at Doğan Group and is the co-chair of the Sustainability Committee, is also a Board member at SKD Turkey (Sustainable Development Association), the regional network and business partner of the World Business Council for Sustainable Development (WBCSD) in Turkey.



Bora Yalınay
Vice Chairman

Bora Yalınay has over two decades of experience in international audit companies and local and international public companies. His areas of expertise include financial restructuring, investor and analyst relations, financing, public offerings, cost optimization, financial planning, and analysis.

Bora Yalınay graduated from the Department of Economics at Bilkent University in 1997. He began his professional career the same year at the Istanbul office of Deloitte where he last served as a senior manager. He later worked at Deloitte Canada from 2000 to 2002. Following his auditing experience of over a decade and one year of financial control at Yaysat, he joined Yıldız Holding in 2009 as the Group Financial Audit General Manager. He later served as the CFO at Ülker Bisküvi from 2010 to 2016. In the process that began with the financial restructuring of the company in 2010, he was instrumental in several acquisitions, company sales and merger projects, completed overseas financing projects worth USD 1 billion, and led the secondary public offering process in 2013. He worked as the Vice President, Finance at Ülker Bisküvi in charge of Turkey, Saudi Arabia, Egypt, Romania, Kazakhstan, Lebanon, and Pakistan operations from 2015 through 2016. During that time, he led a team of over 200 finance professionals across six geographies.

Yalınay, who is a certified CPA, serves as Executive Board Member, Finance at Doğan Şirketler Grubu Holding A.Ş. and member of the Early Risk Detection Committee and Sustainability Committee. He also serves as a member on the Boards of Karel Elektronik, Ditaş Doğan Yedek Parça, Doğan Dış Ticaret and D Gayrimenkul Yatırımları, and Turkish Investor Relations Society (TÜYİD).



Burak Kuyan
Executive Director and Chief Executive Officer

Burak Kuyan graduated from the Faculty of Business Administration at Istanbul University in 1998, and later earned his MBA from Virginia Polytechnic Institute and State University in 2002. He is currently working toward a PhD in Business Administration and Finance at Işık University.

Upon graduation, Mr. Kuyan worked as a Private Portfolio Manager at Finans Yatırım Menkul Değerler A.Ş. He joined Doğan Group in 2005 as Assistant Specialist in Strategical Planning and Business Development. With the Group's investments in the energy field, he was appointed Energy Director at Doğan Holding in 2012. Kuyan, who was appointed Chairman and Executive Board Member at Galata Wind in 2014, has assumed the role of Chief Executive Officer since 2017. Currently an Executive Board Member and Chief Executive Officer at Galata Wind, Kuyan is also the head of all energy investments and operations at Doğan Group. In addition, Kuyan serves as a Board Member at the Energy Trading Association (ETD), at the Solar Energy Investors Association (GUYAD) and the Electricity Generators Association (EÜD).



Neslihan Sadıkoğlu

Board Member

Neslihan Sadıkoğlu, who is the Vice President- Corporate Communication and Sustainability at Doğan Group, has over two decades of experience in all areas of communication, including corporate communications, reputation and crisis communications, media relations, brand management, marketing and social responsibility and sustainability communications.

Following her graduation from the Faculty of Communications at Galatasaray University, Ms. Sadıkoğlu began to work at CNN Türk's Public Relations department in 1999, and was appointed Corporate Communications Director in 2002. She later continued her career at Vakko Holding as Communications Coordinator, at Step Hali as Corporate Communications Director, at Doğan Burda Magazine Group as Corporate Communications Director, and at Douglas Perfumery as Turkey Marketing Director.

Neslihan Sadıkoğlu started to work as the Advisor to the Chairwoman at Doğan Holding in 2016 and was appointed as Doğan Holding's Vice President- Corporate Communications and Marketing on March 1, 2017.

Neslihan Sadıkoğlu, who has led the sustainability efforts of Doğan Holding and completed the Cambridge University Sustainability Leadership program in 2020, is currently Vice President- Corporate Communications and Sustainability. She has served as a Board Member responsible for Sustainability at Galata Wind since December 21, 2021.



Ozan Korkmaz

Independent Board Member

Ozan Korkmaz, who is the founding partner of APLUS Energy and SmartPulse Technology companies, has two decades of experience in the energy sector. The companies he has started operate in the Turkish energy market and also export energy services and software to European countries. His areas of expertise include energy demand and price forecasting modeling, feasibility and engineering studies of electricity generation investments, operational regime optimization in thermal and hydroelectric power plants, electricity transmission and distribution retail tariff modeling, and consultancy.

Before founding APLUS, Ozan Korkmaz, who has studies in the academic field related to energy markets, worked as a consultant on numerous energy generation and distribution projects. After graduating from the Faculty of Civil Engineering at Middle East Technical University, earned his M.Sc. in Hydroelectric Energy in the same department. He is currently pursuing a PhD. In Energy Engineering at Istanbul Technical University.

Ozan Korkmaz has served as an Independent Board Member at Doğan Holding at Galata Wind since December 21, 2021.



Hüseyin Faik Açıkalın

Independent Board Member

After earning a Bachelor of Science degree in Business Administration from the Middle East Technical University in 1987, Faik Açıkalın began his banking career as a management trainee at Interbank the same year. He subsequently held various positions, including Internal Auditor, Relationship Manager, Branch Manager and Marketing Manager at Interbank, Marmarabank, Kentbank, Finansbank, and Demirbank, respectively (1992 – 1998).

In 1998, he joined Dışbank as Executive Vice President. Later that year, he was appointed Chief Operating Officer (COO) responsible for coordination and communication between the Board of Directors and business units. He also served as a member of the Credit Committee. In 1999, Açıkalın was appointed Deputy Chief Executive Officer (CEO) and a Board member and then became the CEO of Dışbank in 2000. Following the acquisition of the majority shares of Dışbank by Fortis in July 2005, he continued to serve as CEO of the bank after it was renamed Fortisbank. During that period, he also worked in the international management of Fortis.

In 2007, he resigned from his duties at Fortisbank and became the CEO of Doğan Gazetecilik. In 2009, Açıkalın was appointed as an executive Board member at Yapı Kredi and also Chairman of the Executive Committee. Serving as Yapı Kredi's CEO since 2009, in addition to his current role, Açıkalın was also appointed as CEO of Koç Financial Services in 2010. Furthermore, in 2011, Açıkalın became the President of the Banking and Insurance Group at Koç Holding. In the same time period, Açıkalın served as Chairman of Yapı Kredi Malta, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland NV, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Moscow, Yapı Kredi Koray Real Estate Investment Trust, and Koç Finansman A.Ş., as Vice Chairman of Banque de Commerce et de Placements S.A. and Allianz Yaşam ve Emeklilik and as Director of the Banks Association of Turkey. At the end of 2017, Açıkalın relinquished his duties at Koç Holding, YKB and its subsidiaries.

Hüseyin Faik Açıkalın has served as an Independent Board Member at Doğan Holding since March 30, 2018 and at Galata Wind since December 21, 2021.

Executive Board and Senior Management



Burak Kuyan

Chief Executive Officer (CEO)

Burak Kuyan's résumé is provided in the Board of Directors section.



Zeki Onur Aytekin

Chief Financial Officer (CFO)

After graduating from the Department of Economics at Bilkent University, Z. Onur Aytekin began to work as an independent auditor at KPMG. He conducted independent audits in many sectors, notably banking, non-bank financial institutions, automotive, and construction as a Manager and later as Senior Manager. From 2014 to 2018, he worked as the Finance Director and CFO at Kuehne + Nagel, a logistics operator, and İskan Gayrimenkul, a construction company. Aytekin, who joined Doğan Holding in 2018 as Assistant General Manager- Finance and Financial Affairs at Doğan Yayınları, was appointed as CFO at Galata Wind in December 2021.



Özlen Ertuğrul Cendere

Chief Legal Officer (CLO)

Özlen Ertuğrul Cendere graduated from the Law School at Marmara University in 1997. She later earned Master of Law (LL.M.) degree from the Law School Indiana University, graduating with an Award for Outstanding Academic Performance. She joined Doğan Şirketler Grubu Holding A.Ş. in 2008 as a lawyer and was later appointed as Legal Manager and Senior Legal Manager, taking part in many projects, notably the M&As of energy investments. Cendere, who specializes in corporate law, contract law and M&A, was appointed as Chief Legal Counsel at Galata Wind in September 2019.



Mehmet Ali Gürpınar

Chief Operations Officer (COO)

After graduating from the Faculty of Mechanical Engineering at Istanbul Technical University in 2009, Gürpınar received an MSc. degree in 2011 from the Nordic Five Joint Programme in Innovative Sustainable Energy Engineering at Kungliga Tekniska Högskolan (KTH- Stockholm) and in Wind Engineering from Danmarks Tekniske Universitet (DTU-Copenhagen). Meanwhile, he worked as a master thesis student at DTU's National Sustainable Energy Laboratory in Risø. Gürpınar started to work as an Energy Assistant Specialist at Galata Wind within the Doğan Holding MT (Management Trainee) Program in October 2012. He undertook various duties within the company in the fields of electricity retail sales, portfolio management, domestic and international electricity trading, power plant operations, new investments and business development. Gürpınar is currently the Chief Operating Officer.



Halide Müge Yücel

Director , Investor Relations and Sustainability Corporate Governance Committee and Sustainability Committe Member

H. Müge Yücel was born and raised in Germany. Ms. Yücel holds a BA in Marketing from Michigan State University. She also holds a Master's degree in International Management and International Finance from Walsh College of Accountancy and Business Administration. She joined Doğu Otomotiv in 2008 after an 8-year career abroad where she gained significant experience in property investment, strategic management, project planning and financing. During her 14 years at the company, she headed the Investor Relations Department and served as a member on the Corporate Governance and Sustainability Committees and as the officer in charge of Corporate Governance Rating.

H. Müge Yücel joined Galata Wind in December 2021 as the Director of Investor Relations and Sustainability. Yücel, who is a member of the Corporate Governance and Sustainability Committees of Galata Wind, has also assumed key roles in the Company's Sustainability, Corporate Governance and ESG activities. She is also certified as a Governance, Risk and Compliance Professional. Ms. Yücel holds licenses for Level 3 Capital Markets Activities, Corporate Governance Rating, Derivatives and Credit Rating. She serves as a member on the Board of the Turkish Investor Relations Society (TÜYİD) and a member of the Corporate Governance Association of Turkey (TKYD), playing an active role in both organizations' activities.

Management Discussion and Analysis

2022 Review and 2023 Expectations

The objective of this Management Discussion and Analysis (MD&A) is to provide an overview of Galata Wind's consolidated financial position, operating results and investments, and sustainability strategy by focusing on changes in some key performance indicators year on year. The MD&A should be read in conjunction with our Consolidated Financial Statements and the Notes included in this Annual Report. This assessment contains forward-looking statements that involve risks and uncertainties. As a result of various factors, including the disclosure in this report's relevant sections such as the "Risk Management and Report of the Governing Body" section, the actual results may differ materially from those projected in these forward-looking statements.

Overview

As the world continued to face health scares, with diseases like Covid-19 and Monkey Pox challenging many countries, Russia's invasion of Ukraine also raised serious economic, social and political concern. The war brought along the energy crisis and the grain crisis, mobilized countries and international organizations. As the inflationary environment worldwide affected the macroeconomic outlook, socioeconomic conditions also saw negative developments. In addition to the business and economic landscape, stock markets were also severely impacted by the Russian-Ukrainian War that remained at the top of the global agenda throughout the year. In Turkey, with the upcoming elections next year, foreign investments saw a decline in 2022.

In the first quarter post- pandemic, the rise in commodity prices due to the global supply chain issues caused by the sudden increase in demand, affected the raw material costs in electricity generation, resulting in higher spot electricity prices. These developments favored the financials of the renewable energy companies in the Turkish energy market. However, in addition to the problems in the supply chain, the unexpected spikes in energy prices and exchange rates due to the war reached a problematic level of concern in terms of energy supply security in Turkey and globally. And in the second quarter, price cap was imposed on the revenues of renewable energy companies. Galata Wind captured a robust performance in the first quarter, reporting strong financials statements. And even if the financials were impacted by the price capping in the ensuing quarters, the company closed 2022 with positive financial results, driven by strong operational performance.

Financial Expectations vs. Realizations

At Galata Wind, our expectation for 2022 was that energy prices would rise and drive both the revenues and the EBITDA levels. However, the unexpected spikes in global energy prices due to the Russian-Ukrainian war also impacted the spot market and the price cap entered into effect on April 1, 2022. EMRA, which is granted authority for 6-month periods, used its power twice in a year and extended the price cap for another six months in September 2022. For now, this system is expected to continue until the end of March 2023. Currently, the monthly average prices, including the effect of the price

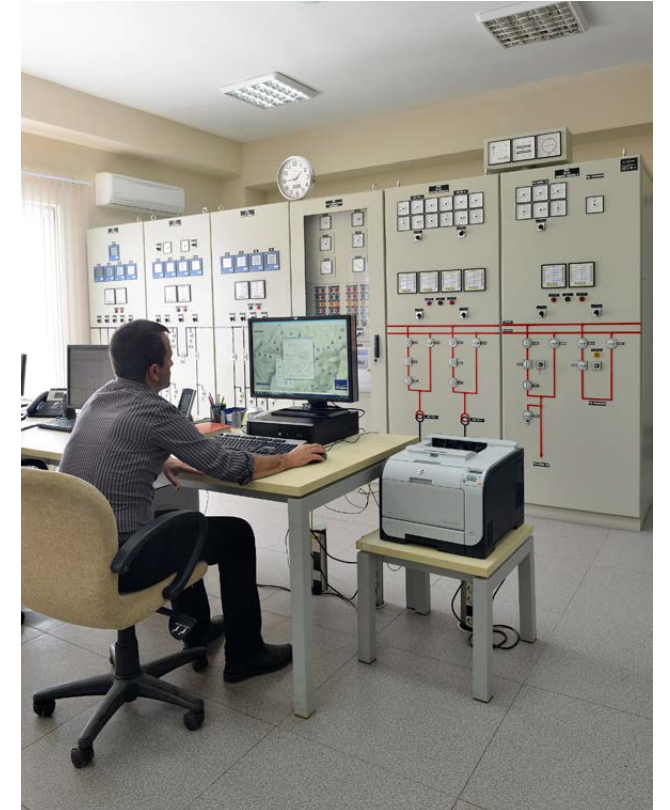
cap, for renewable energy power plants are around US\$80-82. With these price levels, the Company's revenues increased by 119.8% to TRY 1,187.3 million (2021: TRY 540.2 million) while EBITDA rose to TRY 1,002.8 million with an increase of 134.3% (2021: TRY 428.1 million). As we have a net cash position this year, the ratio of net debt to EBITDA, which is one of our company's key performance indicators, was -0.15 (2021: 1.11).

We had announced our guidance for a stronger net profit, anticipating minor volatilities in the foreign currency markets. However, depreciation of the Turkish lira by 44.1% against US dollar and 35.8% against Euro by the end of 2022 impacted the costs of Galata Wind negatively while creating an opportunity to increase the revenues of the power plants, especially those within the scope of YEKDEM. As the rises in energy prices and exchange rates were higher than the cost increases in inflation and exchange rates despite the price cap, the Company captured a 84.5% increase year-on-year in the EBITDA margin. On the other hand, foreign currency risks arising from loans in foreign currency were offset through natural hedging policies and derivative products, resulting in a net foreign exchange gain of TRY 8.2 million (2021: TRY 127.3 foreign exchange loss).

On the tax expenses side, the Company achieved tax advantages due to the fixed asset revaluations performed in 2022 and the depreciation expenses recorded due to the revalued economic assets in the financial statements prepared in accordance with the TPL. Since the depreciation expenses arising from revaluations will not contribute to a fair value in accordance with TFRS, deferred tax income rose over the relevant amounts. Our operational efficiencies and our EBITDA performance in excess of our estimates, as well as the positive impact and tax advantages derived from EBITDA-related financial items, we posted a net profit TRY 1.044,0 million with an increase of 510.8% year on year.

Operations and Investment Expectations and Realizations

In 2022, Galata Wind's WPP generation increased by 7.4% year on year reaching 741,347 MWh. On the other hand, SPP generation amounted to 51,944 MWh. Our expectations for Taşpınar WPP to have a full generation year in terms of operational and investment expectations were realized, with the plant generating 183,440 MWh of



Galata Wind delivered a solid performance in the first quarter and successfully closed 2022 thanks to a strong operational performance.



electricity in 2022 (2021: 146,700 MWh). Our second goal was to start building a Hybrid SPP and the project achieved progress in 2022, with an investment of TRY 108.8 million. The Hybrid SPP project, slated for commissioning in the first half of 2023, will be partially commissioned with approximately 17 MW capacity.

Galata Wind monitors the local and international acquisition opportunities closely. As part of this growth strategy, an agreement was signed on September 23, 2022 to acquire the stakes in the company holding the license of the Alapinar Wind Power Plant in Muğla, and the share purchase transaction was completed concurrently. Galata Wind also focuses on areas where capacity increase is possible in its existing power plants. Among the applications filed for this purpose, approval was obtained

from EMRA on 01.09.2022 for the 13 MW capacity increase in Taşpınar WPP. With this resolution, 2 new turbines will be added to Taşpınar WPP, which currently has 14 turbines. The work is ongoing to put these turbines into operation, and at least one is slated for commissioning by the end of 2023.

As part of the capacity increases, the Company signed a loan agreement with the European Bank for Reconstruction and Development (EBRD) in 2022 for US\$ 45 million. The agreement, which will mature in 2029, will be used to finance the planned capacity increases within three years at the currently operational Mersin and Şah wind farms. These developments show that the Company will continue to invest in capacity increases in the long term.

2023 Guidance

As part of Galata Wind’s 2025 growth strategy, investments are expected to gain momentum in 2023-2024. The company will continue to monitor the acquisition opportunities at home and abroad closely. Galata Wind is also pursuing ready-to-build projects with long-term power purchase agreements (PPA) or wind and solar projects to develop from the ground up in Southern and Eastern Europe, depending on the respective country’s policies. Galata Wind aims to achieve its 2023 targets, driven by capacity increases in its existing power plants with available infrastructures, and investments that will rapidly deliver returns to contribute to both the national economy and the Company’s growth vision.

Given the fragile macroeconomic landscape that emerged in 2022 and the delays in the supply chain caused by the increase in environmental investment projects in the post-pandemic era, Galata Wind believes that it is still too early to provide a comprehensive guidance and therefore prefers to limit the scope of its guidance with the primary targets.

More information on Galata Wind’s risk management and the potential risks that the Company may encounter is available in the Risk Management and Report of the Governing Body.

2023 Guidance

- Investment Amount:
TRY 1.8 - 2 billion
- Annual Energy Generation:
800,000 - 815,000 MWh
- Carbon Credit Certificate Production:
400,000 - 450,000 Tons
- EBITDA Margin:
74-78%

Some risks that may hinder the realization of the 2023 targets:

- Geopolitical risks, inflationary environment
- Possible protectionist policies and liquidity movements due to the developments in global markets
- Volatility in foreign currency rates and decrease in energy prices
- Climate change and sustainability risks
- Information security/Cyber risks

Corporate Credit Rating

In its resolution no. 9133 dated 10.09.2020, the Banking Regulation and Supervision Agency (BRSA) stated: “The Agency has decided that the companies, except for the banks and financial institutions, with a total risk of TRY 500 million and above, will be required to obtain a credit rating report from a rating agency authorized by the Board so that they may utilize loans. The Agency has also decided that the said rating score will remain valid per the provisions in clause (g) paragraph 4 article 12 of the Regulation on Principles Regarding the Authorization and Activities of Rating Agencies and clause (f) paragraph 8 of article 15 as of the loan application date.”

Accordingly, Galata Wind completed the rating process in the first quarter of 2022, working with JCR Eurasia

Long Term National Corporate Credit Rating	AA- (tr) / (Stable Outlook)
Short Term National Corporate Credit Rating	J1+(tr) / (Stable Outlook)
Long Term International Foreign Currency Corporate Credit Rating	BB / Stable Outlook)
Short Term International Foreign Currency Corporate Credit Rating	J3 / (Stable Outlook)
Long Term International Local Currency Corporate Credit Rating	BB / (Stable Outlook)
Short Term International Local Currency Corporate Credit Rating	J3 / (Stable Outlook)

Some of the Company’s key strengths were highlighted as: the improvement in the capacity to create EBITDA supporting Net Debt to EBITDA ratio, high shareholder equity despite paying out dividends, asset quality reinforced with low collection risk, favorable locations with wind and solar energy potential that support the plants’ efficiency, sectoral support encouraging the use of renewable energy, and low carbon emissions. Such advantages of WPPs and SPPs and a strong shareholding structure as a Doğan Group company were emphasized. The key constraints identified by JCR include that operations are in capital-intensive industries squeezing net working capital indicators, changes in regulations suppressing investment appetite, and uncertainties caused by the global Covid-19 outbreak affect the global economic outlook.

On the key constraints JCR determined that changes in regulatory environment put pressure on investment

Rating (JCR). JCR evaluated the consolidated structure of Galata Wind in “investment grade” in the national level and determined its ratings as: Long Term National Rating “AA- (tr)” and outlook “Stable,” Short Term National Rating “J1+ (tr)” and outlook “Stable.” Furthermore, Long Term International Local Currency Rating was confirmed as “BB/ Stable.”

appetite, ongoing uncertainties arising from the global Covid-19 pandemic, put force on the global economic outlook.

Considering these strengths and constraints, the Long-Term National Rating for Galata Wind was revised from A(tr) to AA- (TR). Given the sustainable operational performance, high level of equity quality, maintaining asset quality, a highly experienced team, and the ongoing uncertainties across the world, the company’s Long and Short-Term National ratings has been determined as “Stable.” Factors such as the level of debt ratio, profitability ratios, and the likelihood of the Company to attain the budgeted projections will be reviewed in the next term. The national and international macroeconomic indicators, market conditions and the possible fallout from the Covid-19 pandemic on the sector will continue to be monitored.

Risk Management and Report of the Governing Body

Galata Wind’s risk management system has been established to monitor financial, operational, strategic, information technology, sustainability, occupational health and safety and compliance risks. These risks are managed and monitored by the responsible managers of the company. As part of Galata Wind’s ISO Integrated Management System, risks related to the overall business structure and processes are identified, assessed and prioritized. The probabilities of these risks and the degree of effectiveness of controls are determined. Circumstances, possible events, trends, or similar factors are considered, such as whether the risks were intended and realized. Various methods are used in the management and processing of risks.

RISK FACTORS

Galata Wind’s risk perspective is effectively managed as the company complies with various rules and regulations. Risks are constantly reviewed and re-evaluated depending on the company’s area of activity, scope and structure. As the business develops, the company’s risks will increase and therefore will not be limited to those presented here. Galata Wind is supported by the Doğan Holding Risk Management Group, in which financial and non-financial risks are assessed jointly. In addition, the company has set its sustainability priorities for 2022 in line with international methodologies and has published the risks and opportunities associated with these material areas on its website, along with action plans. Galata Wind will continue to expand its work on managing non-financial risks as part of its risk management model in 2023.

FINANCIAL RISKS

Galata Wind is exposed to various financial risks as a result of its operations. These risks are market risk (including currency risk, fair value risk, price risk and interest rate risk), credit risk and liquidity risk. The Company’s overall risk management program aims to minimize financial market volatility and potential adverse effects on the Company’s financial performance. Derivative financial instruments are used to a limited extent to hedge against various risks.

Currency Risk

Galata Wind actively monitors foreign exchange risk as a function of the Company’s trading activities. There is foreign exchange risk due to changes in exchange rates

Early Detection of Risk Committee

The Early Detection of Risk Committee was established by a resolution of the Board of Directors dated 09.08.2021 in accordance with Article 378 of the Turkish Commercial Code and the Corporate Governance Communiqué of CMB (II -17.1). The Committee shall remain in office until the Ordinary General Assembly Meeting, at which the consolidated financial statements for the year 2022 will be discussed. The composition of the committee is described in the section “Corporate Governance”.

Committee Activities

The Early Detection of Risk Committee within the Board of Directors is tasked with the early identification of operational, strategic, financial, sustainability and compliance risks that may jeopardize the existence, development and continued existence of Galata Wind. It also takes and implements the necessary actions in relation to the identified risks, develops the necessary policies to implement the risk management processes, and manages and reports the risks in accordance with the Company’s risk profile. The Committee is responsible for developing effective internal control systems to define, implement and comply with the risk management policies, implementation methods and systems based on the risk management strategies. The Committee may request information, opinions and reports from the relevant departments as it deems necessary for the effective performance of the risk monitoring function.

when foreign currency loan amounts are converted into local currency. These risks are monitored and limited by analyzing the foreign exchange position and derivative instruments. Furthermore, as all collections in TRY are translated into foreign currencies on a daily basis, a natural hedging mechanism is applied to mitigate the foreign exchange risk.

Interest Rate Risk

Galata Wind has financial liabilities that expose the Company to interest rate risk. Currently, financial liabilities consist of fixed and floating rate borrowings, which are at a very low level compared to the market. Galata Wind also reduces the interest rate risk with interest rate swaps and fixed income financial instruments.

Credit Risk

Owning financial assets carries the risk that the counterparty will not fulfill the terms of the contract. Galata Wind covers these risks by limiting the average risk for each contracting party (excluding related parties) and by providing collateral when necessary.

Liquidity Risk

In monitoring Galata Wind’s financial position, close attention is paid to financial sensitivities. Prudent liquidity

risk management includes raising sufficient cash, providing funds with adequate credit facilities and the ability to close out short positions. Therefore, in order to balance the Company’s cash flow, current cash reserves or cash inflows are monitored to offset the Company’s cash outflows in a timely manner. Due to the dynamic nature of the business environment, Galata Wind strives to maintain flexibility in its financing by maintaining lines of credit.

The liquidity risk associated with financing is that the financing obligation cannot be met at a reasonable cost due to imbalances between cash inflows and outflows and maturity mismatches. Galata Wind monitors the maturity distribution of the Company’s derivative and non-derivative financial liabilities.

Capital Risk Management

Galata Wind’s objectives in managing capital are to safeguard the company’s existence and maintain an optimal capital structure to generate returns for shareholders, benefit other shareholders, and reduce the cost of capital. To maintain or reshape the capital structure, the Company may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt.

The Company monitors its capital adequacy and risks based on the ratio of net debt to total capital. Net debt is calculated by deducting from total debt cash and cash equivalents, tax liabilities for profit for the period, deferred tax liabilities and liabilities from derivative financial instruments. Total equity is the sum of the parent company’s equity as reported in the consolidated statement of financial position.

OPERATIONAL RISKS

Compliance Risk

Galata Wind operates in a highly regulated sector. EMRA (Energy Market Regulatory Authority) is responsible for regulating and supervising the company’s main operations. In this context, the Company is required to comply with all legislative changes made by EMRA. The Company carries out all its activities in compliance with Electricity Market Law No. 6446, Law No. 5346 on the Use of Renewable Energy Resources for the Purpose of Electricity Generation, and relevant secondary legislation. Galata Wind is also obliged to comply with the regulations, circulars, directives and opinions that the transmission system operator TEİAŞ and the distribution system operators YEDAŞ and ARAS EDAŞ may issue for the operation of their power plants. In addition, Galata Wind tracks the compliance mechanism from multiple angles, monitoring sustainability standards, codes, and issues related to global developments in the world, and regularly reviewing its compliance procedures.

Legal Risks

In the ordinary course of the Company’s business, legal action may be brought against Galata Wind and the Company may be subject to arbitration. The Company’s customers, suppliers and/or employees may be parties to legal proceedings that may be initiated by third parties. The Company may be the subject of various lawsuits relating to overtime compensation, indemnification claims and/or corporate actions brought against the Company by employees who voluntarily leave their jobs or whose employment contracts are terminated by the Company. In addition, decisions of EMRA may also affect the Company’s operations and the Company may be required to bring actions against the decisions of other regulatory institutions, including EMRA, and such actions could be brought against the Company.

Information Technology Risk

The effective and uninterrupted operation of Galata Wind’s information technology infrastructure is critical to

the Company’s operations. The Company’s power plants are largely automated. Malfunctions and interruptions in systems and networks may occur. Disruptions in the Company’s data processing systems can cause problems in the Company’s generation capacity and administrative, industrial, commercial and financial control systems. For this reason, the power plants’ Internet, systems and network infrastructures have been designed with redundancy. Physical records are created and stored at regular intervals. Continuous monitoring mechanisms and action plans are in place as part of the Information Security Management System ISO 27001:2013. In 2022, all Galata Wind employees completed online information security training..

Cyber Attack Risk

As a growing global risk, Galata Wind may be subject to cyberattacks and its operations may be disrupted. The Company may not be able to meet its confidentiality obligations and contractual obligations, such as the protection of personal data, due to business interruptions resulting from cyberattacks, which could result in legal and contractual sanctions against the Company. Pursuant to the Presidential Circular dated 06.07.2019, number 2019/12, the “Information and Communication Security Guide”, which contains the information and communication security measures to be taken by operators of critical infrastructures, including public institutions and the energy sector, was approved and published on 24.07.2020. Under the same circular, the “Guide for Information and Communication Security Audits” was published in October 2021 to announce the protocols that the above-mentioned operators providing critical infrastructure must comply with and implement. Galata Wind successfully passed the 2022 audits by aligning its entire cybersecurity infrastructure with this guide. These audits are repeated annually. In addition, in 2019, as part of the National Cyber Incident Response (USOM) regulation, the Cyber Incidents Response Team (SOME) was established within the company. Galata Wind regularly undergoes penetration testing by accredited companies, monitors, analyzes and limits (if necessary) all network communications, and intervenes via SOME.

Qualified Employee Risk

Galata Wind’s performance depends on its experienced management team and other qualified employees. The efficiency and performance of the Company’s power plants are directly related to the qualified and sufficient



experience of its technical and administrative staff. It is critical that the technical team working in routine operations and, more importantly, in emergency situations have sufficient skills, experience and expertise, especially in extremely hazardous power plants. For this reason, the employment of experienced staff is extremely important for the uninterrupted performance of the company's activities. The sector is very competitive in terms of engineers, technicians, administrators and managers that the company needs to carry out its activities.

Subcontractor Risk

Galata Wind uses subcontractors/service providers to provide services such as security services and power plant maintenance. The Company is jointly and severally liable under the Labor Law for the subcontractors' employees' failure to comply with the Occupational Health and Safety (OHS) legislation and for the subcontractors' failure to pay salaries, SSI bonuses or wages to their employees. In addition, the Company is jointly and severally liable with its subcontractors for all damages and losses caused by the subcontractors in connection with the work they perform on behalf of the Company. In order to minimize this risk, the Company signs an OHS Commitment with all its subcontractors.

Occupational Health and Safety (OHS)

The Company's power generation facilities are in the "very hazardous" category as defined by OHS. For this reason, accidents can occur during operation or dangerous situations can arise that lead to malfunctions. In addition to incidents such as explosions in switchgears/transformers, fires in control buildings, wind turbines and/or solar panels, occupational accidents such as electrocutions are also among the risks that may occur. Galata Wind recognizes that employees and other interested parties are the most important and valuable part of a facility. Therefore, the company takes these risks very seriously and organizes training sessions to OHS raise the awareness of its employees and ensure the continuity of the company. Programs are in place to minimize accidents, occupational diseases and damages, to create a safe and healthy working environment and to ensure the continuity of the company. These risks are classified separately and monitored as part of the certified OHS management system ISO 45001:2018. The Emergency Plans and Risk Assessment Reports prepared during the year are constantly reviewed and updated by both the Joint Occupational Safety and Health units

(OSGB) responsible for the power plants and independent consulting firms.

Climate Risk

Renewable energy generation is closely linked to climate risk. Wind generation is a direct consequence of the impingement of the sun's rays on the earth's surface. Global warming changes the intensity and angle of the sun's rays, thus indirectly affecting wind patterns. Galata Wind considers global warming to be the greatest climate risk. The company's facilities may suffer from sudden wind changes in the form of hurricanes and/or cyclones and temperature changes in the form of icing and/or hailstorms, which are a direct result of global warming. Indirectly, unstable and fluctuating wind conditions and unstable solar radiation can affect local power generation from the plants. These risks are assessed financially by taking into account both potential revenue losses and newly incurred investment and operating costs. In addition, our power plants are fully insured against damage that may result from natural disasters. Galata Wind has prepared a climate policy for the year 2022 and published it on its website.

Galata Wind tracks the compliance mechanism from multiple angles, monitoring sustainability standards, codes, and issues related to global developments in the world, and regularly reviewing its compliance procedures.

Audit Committee Report

Internal Audit and Internal Control Activities

Galata Wind has not yet established an internal audit department. In addition, risk-based assessments and systems and processes are reviewed by an employee of Doğan Holding's internal audit department to ensure that information is used and protected in a timely manner, with integrity and consistency. Audits are carried out on the reliability of the financial reporting system, the compliance of the company's activities in the investment and operating process with legal and internal regulations, the effectiveness and efficiency of activities, and the security and reliability of information systems are audited. To this end, internal audits were conducted in 2022 in accordance with the Company's quality management system and the relevant standards of ISO, and the power plants were also audited. As the company does not have its own internal audit department, the employee reports directly to the Audit Committee in accordance with legislation and international standards.

As internal control is an ongoing process, various measures are available for immediate evaluation and review of the system. While the internal control system implemented by managers and employees is the main line of defense, the CFO works directly at the operational level and forms a second line of defense.

Evaluations of the Audit Committee

The Audit Committee shall assist the Board of Directors in matters relating to the Company's accounting system, disclosure of financial information, independent auditing and oversight of the operation and effectiveness of the Company's internal control and internal audit systems. The recommendations presented by the Committee to the Board of Directors in 2022 have been closely followed and implemented.



Our Activities

Turkish Energy Market

In 2022, the total installed power of the Turkish electricity market increased by 4.0% y-o-y to 103,809 MW (2021: 99,820 MW). While hydraulic plants have the highest share in Turkey with 30.4%; the contribution of wind power plants is 11% and the solar power plants hold a share of 9.1%

In 2022, electricity generation in Turkey increased by 2.6% y-o-y to 326,015 GWh (2021: 334,723 GWh). Some 42% of this generation is natural gas and imported coal; contribution from domestic coal is 15.5%; from hydraulic power plants is 20.6%; from wind farms is 10.8%; from geothermal and biomass power plants is 5.8%; and generation of solar power plants hold a share of 4.9 %. In 2022, electricity consumption in Turkey decreased by 2.6% compared to the previous year and reached 324,242 GWh (2021: 332,871 GWh). Some 57.5% of the country's demand was met by using domestic resources (2021: 50.63%). Renewables also accounted for 42.2% of demand (2021: 35.8%).

In 2023, there will be 882 power plants under the Renewable Energy Resources Support Mechanism (YEKDEM). According to the final YEKDEM list published by the Energy Market Regulatory Authority (EMRA), the total installed capacity of the plants whose applications have been accepted is about 19,993 MWe. This capacity represents a decrease of 21.7% compared to 2021. (2021: 25,518 MWe). There were many investors who did not prefer YEKDEM, expecting market prices for 2023 to be higher than YEKDEM prices.

Electricity prices continued their record increase in 2022 as well. On average, electricity prices in 2022 increased by 394% year-on-year to 2,510.72 TRY / MWh (2021: 508.1 TRY /MWh). Although the TRY depreciated against the USD in 2022, electricity prices in USD still increased by 165% to 147.5 USD/MWh (2021: 55.6 USD/MWh). Insufficient electricity supply relative to the country's consumption was the biggest factor behind the rise in electricity prices. Global natural gas, oil, and coal prices, which experienced great turbulence due to the Russia-Ukraine war, are also the largest external factor.

Turkey's domestic supply is sufficient to meet about 50-60% of demand, so the rest of the energy must be imported. In addition, the effects of the pandemic are still lingering. The drought, the effects of which were felt in 2022, is expected to continue in 2023. Developments in 2022 have highlighted the importance of renewable

energy sources. The contribution of domestic and renewable energy to security of supply and price balance should not be denied.

Within the framework of YEKAs, one of the support mechanisms for renewable energy in our country, 15 tenders were held in April and June with a total of 1000 MW within YEKA GES-4 in the regions of Niğde-Bor, Hatay Erzin and Şanlıurfa-Viraneşehir. The bid prices ranged from 37.5 kr/kWh to 59.7 kr/kWh. In YEKA RES-3, the prices in the tenders for a total of 850 MW for 20 different connection regions varied between 40.8 kr/kWh and 69.9 kr/kWh. The Ministry of Energy and Natural Resources has announced that it will also accept applications for the YEKA SPP-5 tender, which involves the distribution of a total capacity of 1,220 MWe. The YEKA tenders are important for achieving Turkey's wind and solar targets for 2023 and 2030.

The most recent development in this sector is the "Regulation Amending the Regulation on Storage Activities in the Electricity Market," which was published in the Official Gazette on November 19, 2022. According to this regulation, it is now possible to establish new licensed or unlicensed storage facilities for electricity generation and to add storage facilities to existing power plants. According to the regulation, it is possible to increase the capacity of wind or solar power plants up to the capacity of the storage facility to be built. As a result of this change, applications were received for approximately 70 GW of installed capacity. As these applications are converted into investments in 2023 and beyond, there will be an upswing in this sector.

Galata Wind has 3 Wind Power Plants ("WPP") and 2 Solar Power Plants ("SPP"). The total installed capacity of these power plants is 269 MW. Galata Wind's wind farms generated a total of 741,347 MWh of electricity in 2022. In 2022, Galata Wind's Şah WPP, Mersin WPP and Taşpınar WPP power plants accounted for 2.1% of Turkey's total installed wind power capacity and their share of wind power generation was 2.1%. Galata Wind's solar power plants generated a total of 51,944 MWh of electricity in 2022. Turkey's share in total installed solar power capacity was 0.4% and its share in solar-based electricity generation was 0.4%. Taşpınar WPP, Çorum SPP, and Erzurum SPP were included in the YEKDEM program in 2022. Mersin WPP and Şah WPP, on the other hand, sold their electricity through bilateral agreements at spot prices.

Our Portfolio

WIND OPERATIONS

Şah WPP



Mersin WPP



Taşpınar WPP



SOLAR OPERATIONS

Çorum SPP



Erzurum SPP

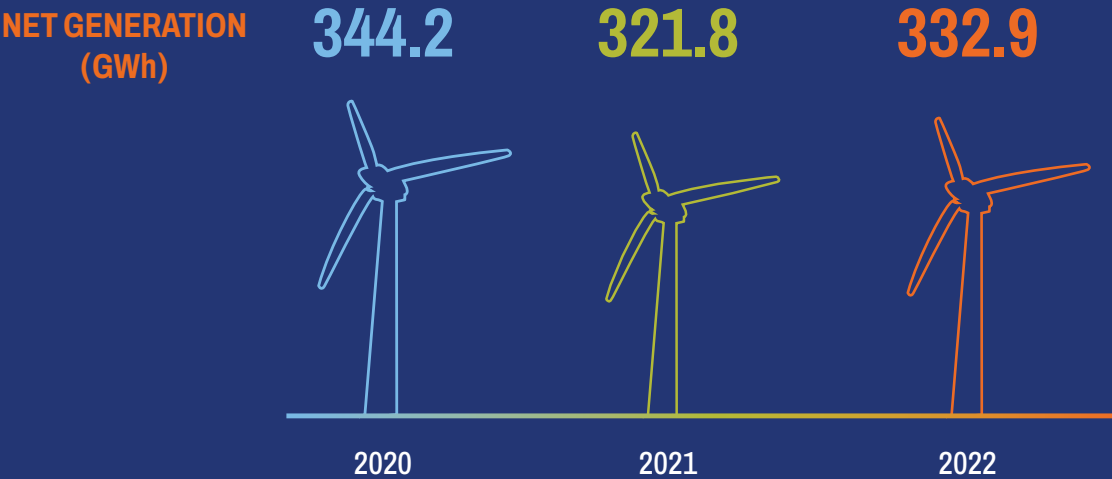


Sunflower Solar



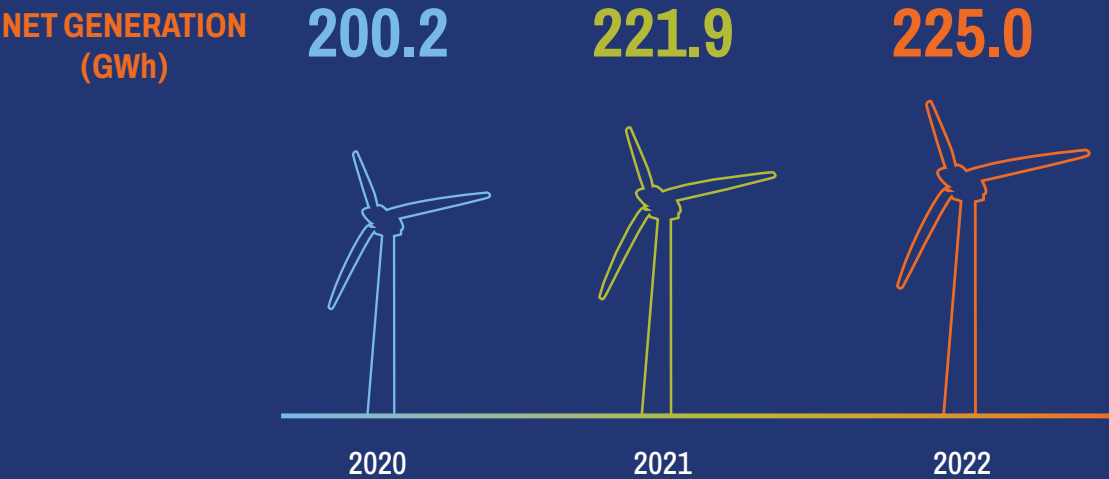
Şah WPP

LOCATION	INSTALLED CAPACITY	LICENSE DATE	COMMISSIONING DATE
Balıkesir, Bandırma	105 MW _m / 105 MW _e	10.04.2008 (49 years)	19.05.2011
1. CAPACITY INCREASE	TURBINES	STAFF	
24.05.2013	35 units Vestas V90 3 MW	1 Manager, 5 Control Operators, 2 Administrative Affairs	



Mersin RES

LOCATION	INSTALLED CAPACITY	LICENSE DATE	COMMISSIONING DATE
Mersin, Mut	62.7 MWm / 56.85 MWe	05.07.2007 (49 years)	19.03.2010
1. CAPACITY INCREASE	2. CAPACITY INCREASE	TURBINES	STAFF
14.02.2013	08.12.2017	14 units Vestas V90 3 MW 6 units Vestas V112 3,45 MW	1 Manager, 5 Control Operators, 3 Administrative Affairs

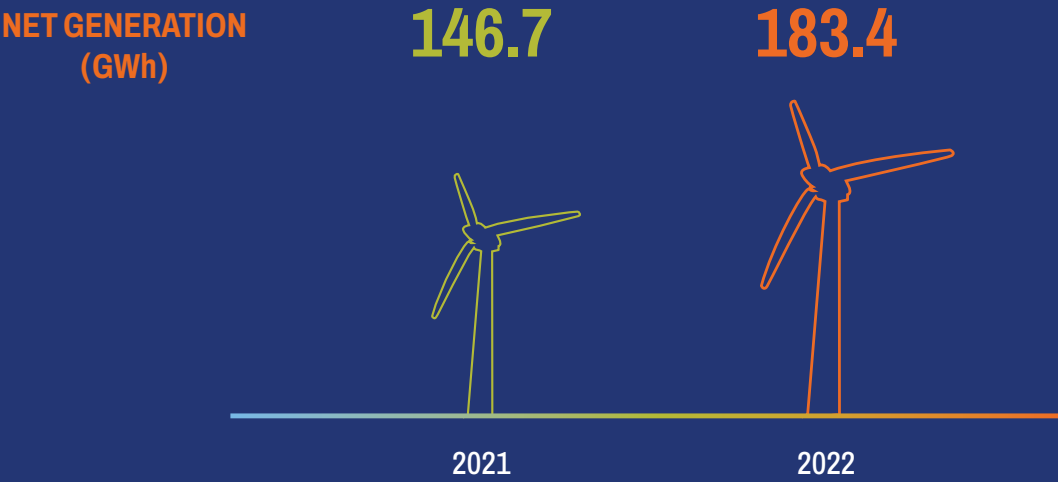


Taşpınar RES

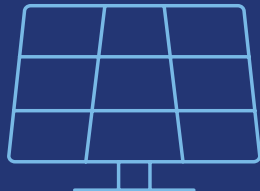
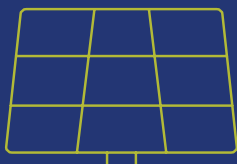

As a result of the application submitted to EMRA for the installation of a hybrid power plant SPP in the licensed power plant of Taşpınar WPP, a permit for 42.5 MW was issued by the authority's decision dated 05.08.2021.

Hybrid power plants, which enable the generation of electrical energy from more than one source in a single generation facility, allow generation facilities to operate more efficiently, with longer availability, and produce more electricity within the limits of installed capacity. Thanks to hybrid power plants, the impact of current conditions can be minimized and power plant operating hours can be extended by producing with solar energy when wind speeds are insufficient and with wind energy during non-sunny periods. In addition to generation efficiency, the outstanding advantages of the planned hybrid investment SPP in Taşpınar WPP are lower investment and operating costs, and since wind generation, which is the main source, falls within the scope of YEKDEM, the electrical energy generated from solar, which is the auxiliary source, will also be evaluated under YEKDEM.

LOCATION	INSTALLED CAPACITY	LICENSE DATE	COMMISSIONING DATE
Bursa, Nilüfer	67.2 MWm / 60 MWe	03.09.2020 (49 years)	28.10.2020
TURBINES	STAFF		
14 units Nordex N149 4,8 MW	1 Manager, 1 Engineer, 4 Control Operators, 1 Administrative Affairs		

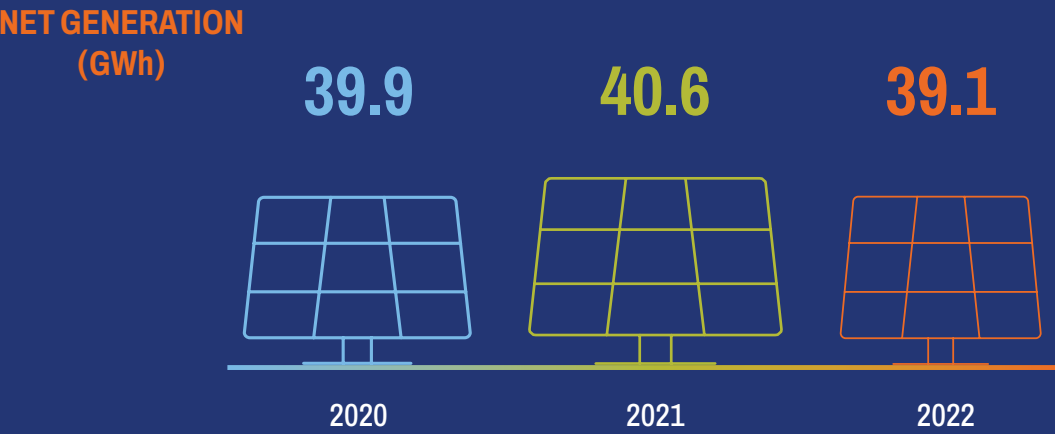


Çorum GES

LOCATION	INSTALLED CAPACITY	LICENSE DATE	NET GENERATION (GWh)		
Çorum, Center	9.4 MWp / 8 MWe	Unlicensed	14.4	13.5	12.9
COMMISSIONING DATE	EQUIPMENT				
19.12.2017	Jinko Solar 320 W Polycrystalline Panel, SMA 60kW Inverter		2020	2021	2022

Erzurum GES

LOCATION			INSTALLED CAPACITY		
Erzurum, Aziziye - Hınıs - Karayazı			Aziziye:	13.5 MWp / 10.8 MWe	
			Hınıs:	8.7 MWp / 7 MWe	
			Karayazı:	2.5 MWp / 2 MWe	
LICENSE DATE			COMMISSIONING DATE		
Unlicensed			31.12.2018		
			EQUIPMENT		
			Smart Solar 360-365 W Mono Perc Panel, Huawei 60kW Inverter		



Sunflower Solar

Sunflower Solar, a wholly owned subsidiary of Galata Wind, carries out various project development and installation activities in the electricity sector related to more niche and innovative areas, such as distributed energy supply, rooftop installations SPP, storage and battery technologies, charging stations for electric vehicles.

The company aims to increase its commercial and industrial turnkey rooftop solar projects from

540 kWp it has commissioned and 800 kWp of projects it has developed since 2018 to its target of 10 MW and enable every home to generate its own clean energy. In this regard, projects worth 286 thousand USD were realized in 2021 and projects worth 2 thousand USD in 2022. Sunflower Solar's operations have been slowed as it seeks to focus more on its 2025 growth strategy.

Investments

In 2022, Galata Wind began investing in the Taşpınar Hybrid Solar Power Plant (SPP). A hybrid SPP was designed under the license for the Taşpınar Wind Power Plant, which was commissioned in the first quarter of 2021. By the Letter of Approval dated 05.03.2022 from the Energy Market Regulatory Authority (EMRA), permission was granted for a SPP investment of approximately 42.5 MW.

Hybrid power plants are one of the types of electricity generation facilities that can be installed in licensed power plants already in operation, according to the "Regulation Amending the Electricity Market License Regulation" published in the Official Gazette on 08.03.2020. Hybrid power plants enable the generation of electrical energy from multiple sources in a single production facility. The influence of seasonal conditions can be minimized and the operating time of the power plant can be increased by producing with solar energy when the wind speed is insufficient and with wind energy during sunless periods. In addition to production efficiency, the outstanding advantages of the planned hybrid investment SPP in Taşpınar WPP are lower investment and operating costs. Since the wind generation, which is the main source, falls

within the scope of YEKDEM, the electrical energy to be generated from the sun, which is the auxiliary source, is also evaluated within the scope of YEKDEM.

Project planning for Taşpınar Hybrid SPP was completed and all panels, inverters, structures, transformers and other electromechanical equipment were purchased in 2022. To achieve cost benefits, agreements were made with separate contractors for civil works, mechanical installation and electrical installation. In addition, the purchase of the land on which the first phase of the project will be built was completed.

Following the start of the first phase of the project in October 2022, basic construction and equipment delivery were completed, and partial commissioning of approximately 17 MW is expected in the second quarter of 2023. The total capital cost for the first phase is expected to be approximately \$15 million. In 2022, about TRY 108.8 million (\$7 million) of this amount was spent. For the second phase of the project, investment planning will take place in 2023, taking into account economic conditions.



In addition to Taşpınar Hybrid SPP, as a result of EMRA’s Board Decision dated 25.08.2022, a capacity increase permit was issued for a total of 13 MW to add 2 turbines to Taşpınar WPP. For the capacity increase, the project of which is completed, the turbines will be ordered in 2023 and the investment will be started. The turbines are expected to be put into operation by the end of 2023. The investment budget of the project is estimated at about USD 15 million.

In 2022, Galata Wind also submitted applications for capacity increases for its other operating power plants. As Mersin WPP in particular has significant capacity expansion potential, based on the application submitted, EMRA granted approval for a capacity expansion of 39 MW in February 2023. Planning for these investments will begin in 2023, and the design and construction processes will continue in 2023-2024.

Also in 2022, the license of Alapınar WPP in Muğla was acquired and project development started. An investment budget of \$20 million has been earmarked for the Alapınar WPP, which is expected to have an installed capacity of about 15 MW. The power plant is scheduled to be commissioned in 2024.

The “Regulation Amending the Regulation on Storage Activities in the Electricity Market”, published in the Official Gazette on Nov. 19, 2022, established a legal regime for the construction of a storage power plant. In line with its growth vision, Galata Wind quickly sought investment opportunities in this area and applied for a storage power plant with a total installed capacity of 550 MW in 11 different cities, including 10 wind and 1 solar power plant. It is aimed to realize the investments of the projects with a total investment value of approximately 900 million USD, which are evaluated in line with Galata Wind’s long-term goals, in 2026 and beyond.

Galata Wind, which has been investing in the Taşpınar hybrid solar power plant (SPP) since 2022, has also submitted capacity expansion applications for other power plants in operation and received approval for the capacity expansion of Mersin WPP (39 MW).

Information Technologies and Digitalization

Galata Wind closely follows digital trends in the world due to the renewable energy sector in which it operates. Energy generation and management is closely related to digitalization, as it involves the widespread use of technologies that require full automation. Digitalization has two dimensions for Galata Wind; operational safety and operational efficiency.

Cybersecurity practices are the foundation for operational security. In this sense, power plants are the infrastructures that pose the (greatest) risk. To meet the requirements of the Energy Market Regulatory Authority (EMRA) under the National Cyber Incident Response Order (USOM), the company has a Cyber Incidents Response Team (SOME). In addition, the Information and Communication Security Monitoring Guide published by the Presidential Digital Transformation Office (CBDDO) defines many new obligations and control mechanisms for power plants. For this reason, Galata Wind attaches the utmost importance to cybersecurity studies and investments, and closely follows developments in the field of information technologies. Having invested approximately TRY 384.5 thousand in this area in 2022, Galata Wind was subjected for the first time during the year to a comprehensive audit related to CBDDO liabilities. These audits were successfully completed without any significant findings, which can be considered exemplary in the industry. In addition, the penetration tests conducted under the USOM regulation for the plant network and communication systems were also successful. Galata Wind, which holds the ISO 27001 Information Security Management System certificate for all its sites, works meticulously for these and similar audits, which are repeated every year.

Galata Wind continues its efforts to digitalize all business processes at the highest level to increase operational efficiency and keep pace with the times. In 2022, Galata Wind spent approximately TRY 1.1 million on these activities. Galata Wind’s vision in this area is not to follow digital developments, but to be a pioneering company to continue its operations in the most effective way. In this context, Galata Wind participated in the Digital Transformation Center project developed in cooperation with TÜRKONFED and İşbank in 2021, and continued the project on its own initiative in 2022. Consulting services for digitalization projects continued to be used by the company “Bandwitt”, which develops technological solutions for the needs of companies, and 5 of the 14 projects identified as development areas were launched in 2022. The processes of accounting, purchasing, documentation and archiving, budget reporting and central generation monitoring were transferred to digital level and opened to all Galata Wind employees. This involved working with pioneering solution partners such as Masraff, Tableau, Konzek and CBKSoft. Plans for 2023 include processes to transfer central reporting, subcontractor management, procurement, contract management and some HR applications to digital platforms and begin using electronic signature.

For the year 2023, about 300 thousand US dollars are estimated for all areas of digitalization.



Galata Wind & Sustainability

Sustainability Principles Compliance Framework

Sustainability Principles Compliance Statement

At Galata Wind, we work to reduce Turkey's dependence on imported energy by generating 100% renewable and environmentally friendly electricity. Galata Wind has adopted the principles of equality, transparency, accountability and responsibility as part of its sustainability program and disclosed the data for the year 2022 on the Public Disclosure Platform and in the Annual Report in accordance with Sustainability Principles Compliance Framework specified in the amendment to the Corporate Governance Communiqué No. II -17.1 published on October 2, 2020. The non-mandatory environmental, social and corporate governance disclosures that should be reported on a "comply or explain" basis are included in the outline and in the notes to the report. As part of the developments in 2022, our company was included in the BIST Sustainability Index from the first quarter of 2023.

Sustainability Report Format is included in Annex-4.

Our Sustainability Approach

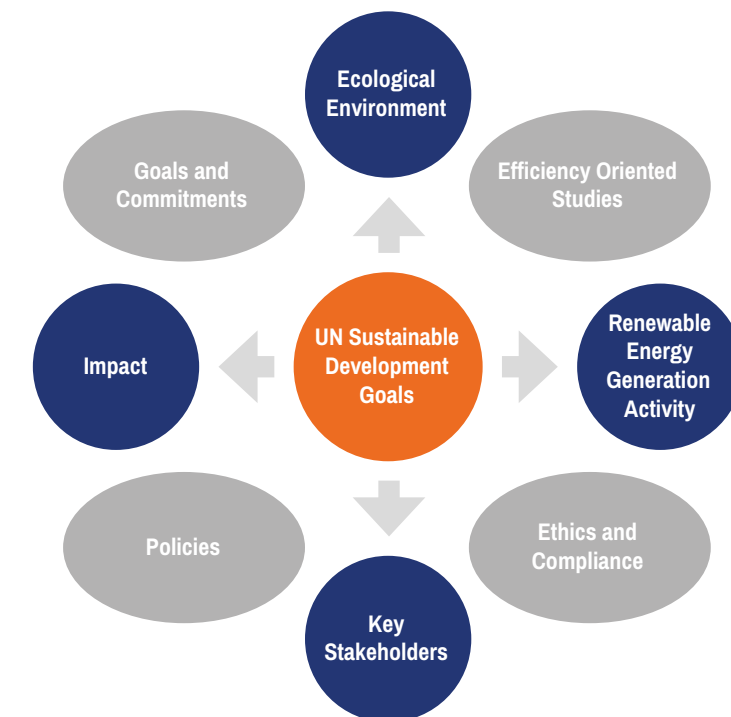
We regard sustainability, which lies at the heart of our business since our founding, as a source of inspiration for living up to our responsibility to the planet, society and all our stakeholders. Together with our dedicated employees, we are resolutely moving forward on this path, which we have embarked upon with the desire to lead the sustainable future of our country.

At Galata Wind, we are working to reduce Turkey's dependence on imported energy, leave a cleaner world for future generations, and rank among the key strategic players in sustainable development by generating environmentally friendly electricity from 100% renewable energy sources such as solar and wind. We are determined to create sustainable value and committed to investing only in renewable and clean energy.

However, we recognize that sustainability is more than just protecting the ecological environment and reducing the negative impact of climate change through decarbonization measures. Therefore, we are reviewing our approach to sustainability in line with what all our key stakeholders expect of us in terms of social, environmental and economic issues.

Accordingly, we have defined our sustainability strategy, key stakeholders and materiality areas for 2022, and developed our sustainability management model to achieve performance comparable to international standards. Our sustainability management model and strategy, which we consider a part of our corporate risk management, have also been approved by the Board of Directors and the Sustainability Committee, which reports directly to the Board of Directors.

In addition to the social, environmental and economic expectations of key stakeholders identified with the methodology proposed by AA1000SES (AccountAbility Stakeholder Engagement Standard), the risk perspective and indicators from various sources such as industry priorities, UN Sustainable Development Goals and the World Economic Forum Risk Report were also considered. Galata Wind's sustainability perspective is based on the following elements:



Sustainability Strategy

Galata Wind, the first company to be offered as a green IPO, with a total portfolio consisting exclusively of wind and solar energy, is pursuing a strategy of being a leader in sustainability and setting a benchmark for the energy sector.



Sustainability Policies and Procedures




Recognizing the need to consider ESG issues as part of risk management and to organize the entire business model to meet international sustainability expectations, all policies and procedures will be reviewed in line with the activities initiated in 2022. All administrative and operational policies and procedures from supply chain management and human resources management to quality processes and stakeholder engagement platforms will be reorganized and updated in 2023.




Due to the nature of the sector in which the company operates, there is a high level of regulatory compliance. Therefore, Galata Wind prioritizes the integrated management system in all its operating processes. The company holds ISO 9001, 14001, 45001, 10002, 50001 and 27001 certifications for its headquarters and power plants.


Galata Wind takes the United Nations Sustainable Development Goals as the basis for its sustainability approach. In line with the company’s material areas, the UN Sustainable Development Goals table is published on the corporate website. Galata Wind is also a signatory of the United Nations Global Compact (UNGC).

The company’s policies can be viewed on the corporate website in the Policies tab of the Corporate Governance section as well as in the Sustainability tab:
<https://galatawindenerji.com/en/corporate-governance/policies/>
<https://galatawindenerji.com/en/sustainability/>

Galata Wind UN Sustainable Development Goals Impact Chart

Sustainability Domain	BM SDG	Supporting Strategies and Programs	Goals
Social gender equality	 5	Galata Wind currently has more than 50 employees, 25% of whom are women. Excluding the power plant sites, female employment ratio rises to 52%. The percentage of women in management positions at Galata Wind’s headquarters is 24%. It is clear that Galata Wind’s employment policies and practices encourage female employees to advance professionally and to participate in decision-making processes in line with its gender equality policy. Accordingly, the principle of “ensuring the full and effective participation of women in the decision-making processes of political, economic and social life and equal opportunities for women to play a leading role in decision-making mechanisms at all levels” aligns with Goal No. 5.5 of UN SDG.	Galata Wind has committed to increase the proportion of women in senior management at headquarters to over 30% within 2 years and to have at least one female member on the Board of Directors during the IPO. Both commitments are already fulfilled. Galata Wind fully stands behind the commitments it has made as it believes that women should be empowered in its sector.
Accessible and Clean Energy	 7	Galata Wind, with a total of 269 MW of installed renewable capacity, generates electricity to provide clean, modern and sustainable energy services to society and aims to expand its portfolio exclusively with renewable technologies. In addition, the company closely follows technological developments and integrates them into its systems. In 2021, Galata Wind generated 744,476 MWh of clean electricity 100% from renewable sources.	Galata Wind will continue its investments to generate accessible and clean energy with new investment plans and contribute to the renewable energy generation sector by improving the existing investments and through further innovative processes. The Taşpinar WPP project, commissioned at full capacity in March 2021, is the first WPP with state-of-the-art equipment and turbines produced in Turkey with a blade length of 75 meters. A hybrid solar power plant has also been planned and construction has begun as part of the Taşpinar WPP project. The company is aiming to become a leader in the industry in this area.
Decent Work and Economic Growth	 8	Galata Wind’s employment policy is in line with Goal 8.5 of UN SDG, which aims to “ensure that all women and men, including youth and the disabled, have access to full and productive employment and decent work by 2030, and fully implement the principle of equal pay for equal work.” All of Galata Wind’s operating power plants currently employ technical staff, engineers and/or workers from surrounding villages. In addition, Galata Wind values young graduates and specifically hires them through its internship program, where they work for the company before they graduate. One of our employees, who now works as an electrical engineer at Taşpinar WPP, was an intern at the wind farm construction site in the last year of her studies and was hired at the wind farm immediately after graduation. In 2022, two young graduate engineers, one male and one female, were hired at the headquarters.	Galata Wind will always give priority to people from surrounding villages when it comes to employment at its power plants. This is company policy. In addition, the company plans to expand its current traineeship program in partnership with regional universities to employ young engineers and technicians from the region in its power plants, and to expand its career days, panels, etc. In addition, Galata Wind believes that the energy sector in Turkey needs more young women with engineering degrees and that these employees can better show their talents in the field. For this reason, Galata Wind will continue its search for female employees in qualified positions whenever possible.

Sustainability Domain	BM SDG	Supporting Strategies and Programs	Goals
Industry, Innovation and Infrastructure	 9	“Develop infrastructure and retool industry to become sustainable by 2030, with each country taking action according to its own capacity, using resources more efficiently and adopting cleaner and greener technologies and industrial processes.” Galata Wind’s business model contributes to the company’s Goal 9.4. The company, which generates renewable energy using clean generation and environmentally friendly technologies, has also conducted Turkey’s first green IPO.	Galata Wind intends to double its current capacity by the end of 2025. In this context, it considers the use of sustainable financing options in line with its sustainability strategy and participation in the goals of converting the resources provided to renewable energy as one of its priority concerns. (2025 Goal: 500-550 MW Installed capacity)
Reducing Inequalities	 10	Galata Wind publishes its remuneration policy on its website, which clearly states that the company has adopted the principle of “equal pay for equal work”. For this reason, it is fully in line with Goal 10.4 of UN SDG, which emphasizes that “policies, particularly in the areas of finance, wages and social protection, and the progressive achievement of equality” will be adopted.	Galata Wind will never compromise on the principle of “equal pay for equal work” and will continue to consider performance evaluation criteria and market trends when determining salaries and benefits for its employees.
Responsible Production and Consumption	 12	<p>Galata Wind generates renewable energy to “ensure the sustainable management and effective use of natural resources by 2030,” as stated in Goal 12.2 of the Sustainable Development Goals UN. Galata Wind, which started its operations in 2012 with wind turbines in Bandırma and Mersin, continues its activities by generating 100% renewable and clean energy with wind and solar power plants with a total installed capacity of 269 MW and an annual power generation capacity of around 800 GWh from the end of 2021. In addition, the company contributes to the sustainable development of our country with its Gold Standard and VCS certified power plants and power generation activities, which avoid about 400,000 tons of carbon emissions annually.</p> <p>In addition, in line with Goal 12.6, Galata Wind has started publishing a sustainability report covering the company’s sustainability performance in 2022. In this context, a Sustainability Committee affiliated with the Board of Directors was established and announced to the public. Under the leadership of the Sustainability Working Group, key stakeholders were surveyed in accordance with the AA1000SES standard with all employees at headquarters and the power plant. The materiality survey conducted in accordance with the priority principle and the AA1000SES standard will be made available to the public in the first quarter of 2023, together with the sustainability report prepared in accordance with the AA1000AP principles and the GRI standard. In this context, the historical information is available in the company’s Annual Report and on the website.</p>	<p>Eliminating harmful investments with environmental impact is part of Goal 12.c of UN SDG. Galata Wind, whose founding goal is fully renewable energy generation, has committed to never engage in energy generation from fossil fuels.</p> <p>In this sense, by 2025, Galata Wind will expand its portfolio exclusively with investments in renewable energy by increasing capacity in its own power plants and/or through hybridization, through purchases from RES and electric utilities operating in the country, by developing projects, by applying for (advance) licenses, and by investing in small and medium-sized power plant projects abroad. It is to be expanded to -550 MW. The company’s ultimate goal is to create climate and environmentally friendly, clean, sustainable and predictable profit margins and cash flows for its investors by investing in renewable energy projects and power plants with off-take guarantees and long-term bilateral agreements at home and abroad.</p>

Sustainability Domain	BM SDG	Supporting Strategies and Programs	Goals
Climate Action	 13	<p>Galata Wind continues its activities in accordance with Goal 13.3 of UN SDG: “Mitigate climate change, adapt to climate change, mitigate and provide early warning, education, awareness and enhance human and institutional capacity.” Reducing energy generation from fossil fuels by 2030 is among the most important climate change goals. Galata Wind recognizes the importance of contributing to climate change mitigation not only within its scope of activities, but also in all its processes, by integrating the Environmental Management System ISO 14001 and the Energy Management System ISO 50001 in the life cycle of its operations at every stage. In the first quarter of 2023, the company, which has begun studies on strategic sustainability management in order to publish the first sustainability report in accordance with international standards, will publish its report in accordance with the AA1000AP principles and the KPIs recommended by SASB (Sustainability Accounting Standards Board).</p>	<p>Galata Wind’s field of activity is energy generation from renewable energy sources that have a positive impact on climate change. For this reason, all the investments to be made will have a positive impact on climate change, in order to contribute to the sustainable development of our country, raise awareness about climate change and increase the share of renewable energy generation.</p> <p>As part of the company’s growth strategy, Galata Wind will continue to focus on fulfilling the commitments made during the IPO. Capacity increases and opportunities for new investments are among Galata Wind’s focus areas over the next 3-5 years. With this forecast, Galata Wind aims to nearly double its installed capacity and reach 500-550 MW.</p> <p>The company’s motivation for 2022 is to grow organically by, first, experiencing a full year of Taşpınar WPP generation, the effects of which were not visible until after the first quarter of 2021. Secondly, Galata Wind, which focuses on the installation of hybrid SPP plants, continues its project development processes to add another hybrid solar plant with a capacity of 42.58 MW to its existing power plant portfolio.</p> <p>In 2023, the company plans to focus on capacity expansion projects at its existing power plants. Capacity expansions are investments that can contribute to both the national economy and the company’s growth vision very quickly because the infrastructure is already in place. 13 MW additional capacity has been completed for Taşpınar WPP. Work is underway for possible additional capacity at the Şah and Mersin power plants.</p> <p>In addition to investing in its own power plants, Galata Wind is closely pursuing acquisition opportunities in Turkey and abroad. The company has acquired the Alapınar WPP license with a capacity of 15 MW. In addition, the company is particularly interested in power plants that have been included in YEKDEM in Turkey in the last 1-2 years. Abroad, the company is engaged in projects ready for construction with long-term power sales contracts (PPA) or wind and solar projects to be developed from scratch in Southern Europe, the Balkans and Eastern Europe, depending on country policies. The main focus is on Italy. Efforts are also being made to realize a project in the USA as part of the long-term investment vision.</p> <p>New YEKAs for wind and solar have been announced in our country. In fact, new tendering models and laws are expected in the near future. Galata Wind will be present in all these opportunities to the extent that it suits the investment perspective and best serves the interests of its stakeholders.</p>

Sustainability Domain	BM SDG	Supporting Strategies and Programs	Goals
Partnerships for Purposes	<div><div>17</div><div>AMACLAR İÇİN ORTAKLIKLAR</div></div> <div>17</div>	<p>Galata Wind is a member of associations that have a say in the sector in which it operates. Through these associations, the company is able to express its opinion on changes and improvements in the sector and to take a pioneering role. It also has the opportunity to share knowledge and experience by meeting and exchanging ideas with other players in the sector on a common platform. TÜREB, EÜD, GÜYAD, GÜNDER, ETD, DEK, etc. Through its memberships, it follows first-hand the developments in the field of wind and solar energy in Turkey and the world. Galata Wind is a member and signatory of UNGC. With its memberships in TKYD and TÜYİD memberships, the company aims to take its commitment to the principles of corporate governance and its relations with investors to a higher level.</p> <p>It is taking important steps that will benefit its stakeholders in particular as they work together. In partnership with universities such as Sabancı and Bahçeşehir, it offers training programs that contribute to the personal and professional development of all employees. The Aydın Doğan Foundation supports the education of female students in particular. Galata Wind is in close contact with ministries in order to comply with all regulations in the regions where its power plants operate. In particular, the company conducts studies on climate change by participating in the working groups established by the Ministry of Environment, and gives its opinion on the Climate Law. Recently, Yuvam World Association organized a joint panel to draw attention to climate justice at COP27, bringing together the business community, academia and civil society.</p>	<p>Galata Wind will continue to belong to the leading associations in the sector. This is because the company's goal is to closely follow and even contribute to all developments in the sector. The company aims to further increase the number of collaborations. It wants to collaborate on all possible platforms to further highlight the importance of renewable energy in the fight against climate change. The company aims to continue and broaden its relationships and cooperation with government institutions. Galata Wind's vision is to "promote and support public, public-private and non-governmental partnerships based on the experience and resource strategy of partnerships," which is in line with the goal of UN SDG 17.17.</p>

Our Material Sustainability Topics

The material issues that will guide Galata Wind’s sustainability strategies and actions and that will form the content of future reports were identified in 2022. Prior to this study, which was carried out in accordance with the company’s impact and stakeholder expectations in terms of social, environmental, economic, ethical and governance aspects, the key stakeholders were also identified using the system proposed by AA1000SES.

The scope of the material issues identified was kept as broad as possible, and the issues and problems that affect all Galata Wind operating sites were analyzed. During the materiality workshop, which was attended by managers and staff from all departments and sites of the company, the following resources were assessed for the issues in focus:

- Industry reports
- ESG priorities of peers
- Stakeholder expectations of the company on various platforms (surveys, meetings, presentations, communication tools, etc.)
- ESG references of laws and regulations
- CMB and BIST expectations
- Expectations of analysts and rating agencies
- International standards and voluntary codes
- UN Sustainable Development Goals
- UN Human rights guidelines for companies
- Priorities of Doğan Holding

Since the day Galata Wind began addressing sustainability-related processes through its strategic sustainability management, the company has continued its efforts to meet the expectations of global standards. These standards are underpinned by the management of the social, environmental, economic and ethical impact arising from the company’s activities, learning the key concerns and expectations of its stakeholders in these areas, and creating a transparent and sustainable business model in line with these expectations.

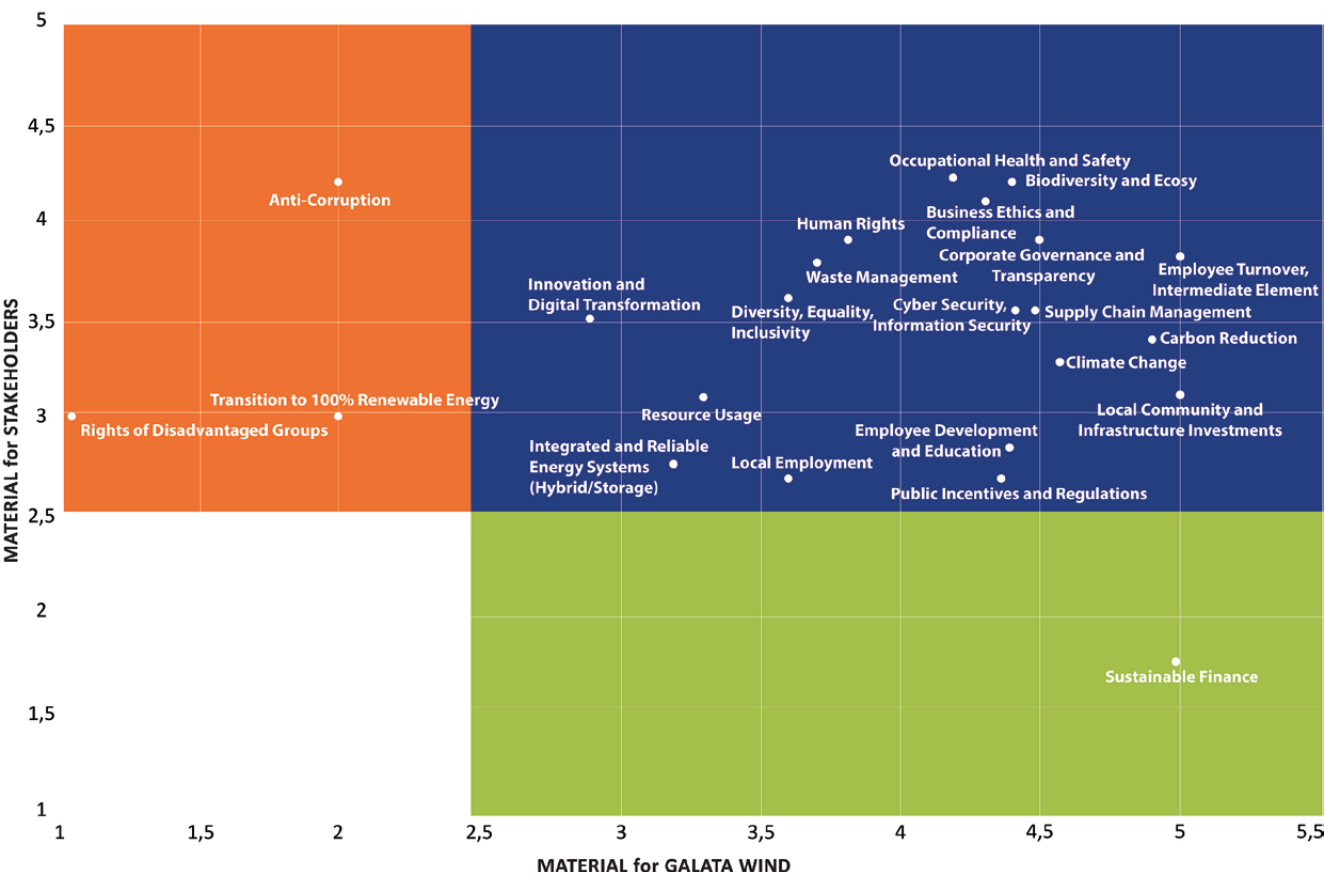
Galata Wind conducted the first study for this purpose in 2022, identified its material areas and began to intensify its stakeholder engagement strategies, defining its policies and guidelines, and designing the content of its reports in accordance with these focus areas, which are published in accordance with the Global Sustainability Standards.

Due to evolving global standards, economic and social conditions, and differentiation of market dynamics in the sector in which Galata Wind operates, the focus area study will be reviewed periodically and may be repeated as needed.

The following Materiality Areas Matrix contains the results of the assessments performed in line with the company’s strategic priorities and the social, environmental, economic and ethical priorities and expectations of key stakeholders in the sector in which Galata Wind operates.



Galata Wind Materiality Areas



Sustainability Management

Galata Wind recognizes that sustainability, which the company sees as part of good corporate governance, is an important element that reinforces the stakeholders’ confidence and trust in the company. The company’s

key objectives include fulfilling its responsibilities to its stakeholders and elevating its level of accountability, with an increasing focus on all environmental, social and governance (ESG) performance.

Sustainability Management Structure



Sustainability Committee

To this end, the Sustainability Committee, established in 2022 and reporting directly to the Board of Directors, oversees and supervises the handling and management of sustainability-related issues at the highest decision-making level of the company. The objective of the Sustainability Committee is to support and assist the Board of Directors in fulfilling its governance and oversight responsibilities with respect to sustainability. The Committee is tasked with advising the Board of Directors on environmental, social, corporate governance and other issues related to human capital (“ESG issues”).

The Committee monitors global developments in sustainability and/or general changes in ESG issues, as well as key issues, topics and details that directly affect the Company, and informs and advises the Board of Directors on these issues. The Committee briefs the Board on the actions to support the Company’s continued progress in ESG issues. It also monitors actions or initiatives taken to avoid, mitigate and manage ESG risks. The Committee points out the issues that may have a significant negative impact on the company or stakeholders and delegates them to the relevant departments. Furthermore, the Committee follows through the implementation of precautionary measures and ensures that the necessary systems are in place.

The Sustainability Working Group, which consists of managers and employees from all departments of the company, including HR, Finance and HSE-Q, provides information directly to the Sustainability Committee.

Investment Committee

The Board of Directors of Galata Wind established the Investment Committee with the aim of ensuring the sustainability of the investments made by the Company. It was formed based on the decisions on the vision and sustainability strategies in line with forecasting and objectively assessing investment risks at a high level and communicating the results to the Board of Directors in a timely manner, the efficient use of resources and the consistency of strategic investments with the Company’s environmental, social and governance objectives.

The Committee will ensure that Galata Wind’s investment decisions are consistent with the Company’s strategies, establish investment guidelines, anticipate the Company’s ESG risks, provide the Board with necessary risk analysis, and monitor investments. In addition to its views on investments, the committee evaluates and make suggestions on the views of other board committees (Corporate Governance, Sustainability, Human Resources, Early Detection of Risk, etc.) that may impact investment decisions.

Stakeholder Engagement

In line with its sustainability strategy, Galata Wind makes decisions that benefit the company and all its stakeholders and carries out activities to improve its performance by considering stakeholder feedback. Galata Wind’s stakeholder engagement strategy is based on a structure that maintains the “Ask, Learn, Answer” cycle and open to continuous learning. With this strategy, the development areas are monitored and the preliminary assessments of stakeholders affected by the decisions are integrated into the decision-making processes.

Galata Wind’s key stakeholders were identified in 2022 with the methodology proposed by the AA1000SES standard.

Galata Wind manages and organizes dialog platforms with its key stakeholders through multiple channels. The structure of the dialog platforms is evaluated and reviewed for efficiency, and more effective means of engagement are regularly considered. The principle of “transparency” that underpins the company’s sustainability strategy applies to all stakeholders. The company continues its efforts to improve its responsiveness.



Stakeholder Engagement Platforms

Stakeholder Group	Dialog Platforms	Frequency
Shareholders and Investors	General Assembly Meetings, informative presentations, investor meetings, analyst presentations, emails, newsletters, Annual Report and related feedback mechanisms	Regular
Opinion Leaders	Meetings, seminars, collaborations, social media channels	Regular
Suppliers	Information meetings	At least once a year
Employees	Human Resources practices, surveys, events and meetings, social media channels, internal communication meetings, volunteering programs, informative emails and meetings, Occupational Health and Safety meetings, training and development programs	Regular
Customers	Meetings, information emails, feedback mechanisms, social media channels	Regular
Government agencies	Sectoral roundtables, feedback mechanisms in public policies	Regular
International Organizations	Rating studies, meetings, social media channels, meetings, collaborations	Regular
Sectoral Organizations	Meetings, social media channels, collaborations and memberships	Regular
Civil society organizations	Collaborations, social media channels, volunteer programs	Regular
Local Community	Impact assessment meetings, feedback mechanisms, local government collaborations, information meetings	Regularly and when needed

Sustainability and ESG Rating

In the Sustainability Rating report of Galata Wind Enerji A.Ş., updated by Moody’s ESG Solutions in March 2022, the overall rating was raised from 57/100 to 60/100, giving the company an A1 “Advanced Level” qualification. The report states that Galata Wind has demonstrated advanced performance in the areas of human capital and operational efficiency, as well as a strong desire and ability to integrate environmental, social and corporate governance (ESG) factors into its strategy. This sustainability assessment study was conducted by V.E, part of Moody’s ESG Solutions.

Following a further assessment by Sustainalytics in June 2022, Galata Wind Enerji A.Ş.’s Environmental, Social and Governance (“ESG”) Risk Rating Score was set at 19.9. According to this score, the company was rated as “low”, which is consistent with best practices in ESG governance, board oversight of ESG issues, and risk of being significantly impacted financially by ESG factors. According to the ESG risk rating, Galata Wind ranks 80th out of 675 companies in the Electricity Services (Utilities) sector.

Sustainalytics’ rating is based on the ESG Risk Rating, which assesses the company’s exposure to key ESG risks in the industry in which it operates and how the company manages those risks. The ESG Risk Rating provides a quantitative measure of unmanaged ESG risks and categorizes these risks into five levels: negligible, low, moderate, high, and very high.

Sustainable Risk Management

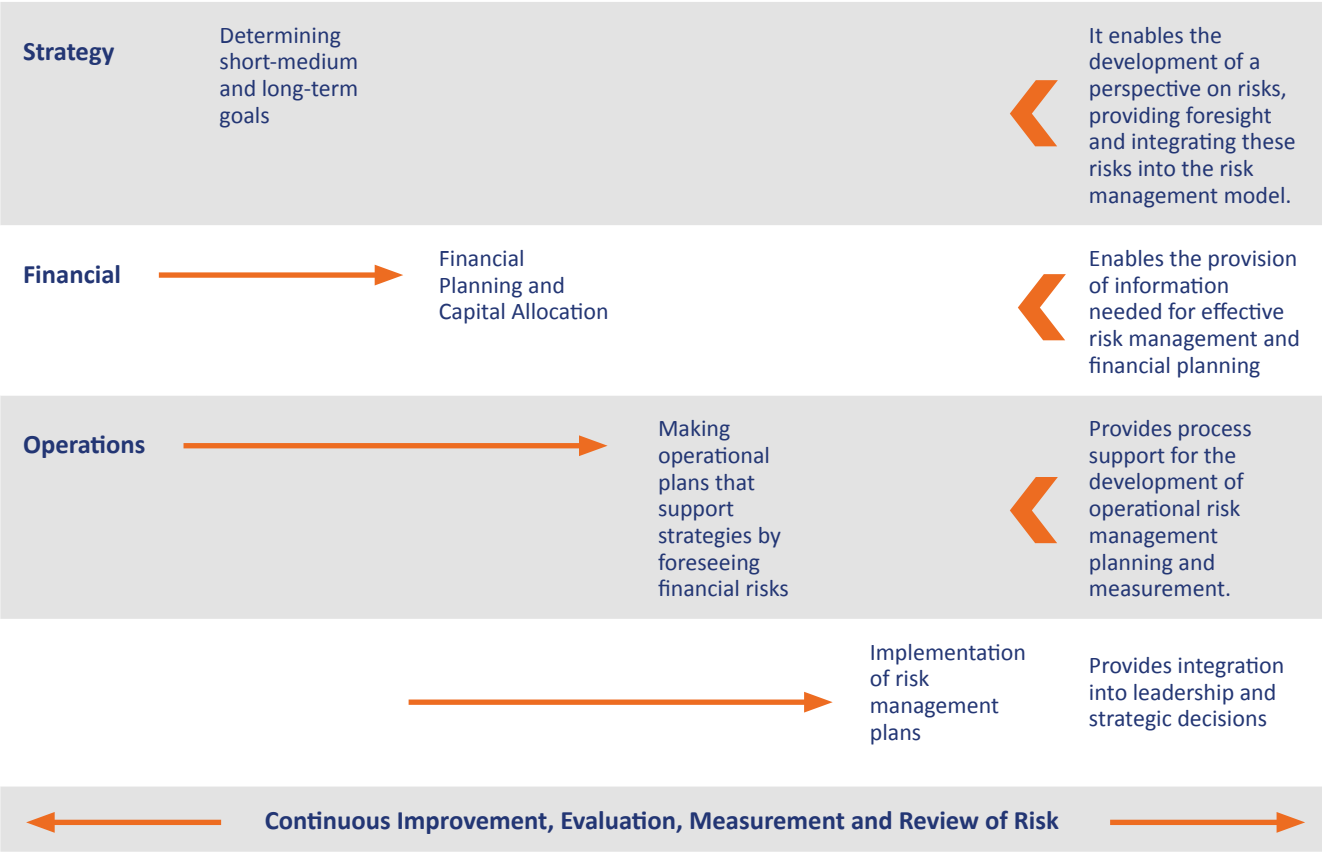
Galata Wind completed work to identify focus areas in all sustainability-related areas in 2022 and decided to use this framework to prepare the content of the Sustainability Report to be published in early 2023. Climate change has also been included in the high priority area and will be managed accordingly.

Information on the material areas can be found on the company’s website in the Sustainability section under Sustainability Management heading (<https://galatawindenerji.com/media/3mids51r/sustainability-management-materiality-areas.pdf>).

For more information on climate change risks and opportunities, please refer to the table in the Risks and Opportunities section on the company’s website. <https://www.galatawindenerji.com/media/g0vapbi1/sustainability-management-risks-and-opportunities.pdf>

**In 2022,
Galata Wind’s
environmental, social
and governance risk
rating was 19.9. This
rating ranks Galata
Wind 80th out of 675
companies in the
Electrical Services
sector.**

Strategic Risk Management Planning (2022-2023)



Risks and Opportunities

The impact of sustainability on the continuity of the company’s operations also creates various risks and opportunities. The anticipation of the risks that threaten the sustainability of the company, the development of prevention mechanisms and the management and monitoring of the objectives related to the actions taken are the basis of Galata Wind’s sustainability management.

In addition to ensuring sustainable growth, Galata Wind strives to create opportunities for the development of the local community in the regions where it operates, meeting the expectations of its stakeholders.

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Environmental Aspects				
Biodiversity and Ecosystem	Renewable energy generation impacts biodiversity throughout its life cycle. From the construction of solar panels to the shutdown of wind turbines, many risks can be cited. Although most of these impacts are accepted as positive effects, it is important to properly evaluate the environmental analysis of the production sites and their negative impact on the ecosystem, and to take the necessary precautions.	The impact of renewable energy generation on biodiversity and the ecosystem can be viewed in two ways. While climate change is one of the most important causes of biodiversity loss, biodiversity loss also has negative implications for the climate crisis. One of the most effective ways to mitigate the devastating effects of climate change by 2050 and reduce human-caused carbon emissions to zero is to increase renewable energy generation.	EIA processes Sustainability management and Investment Committee studies Sustainability strategy Material areas of focus Environmental Management System (ISO 14001)	Electrification, which replaces fossil fuels, primarily from wind and solar power, with renewable energy combinations, has the potential to provide three-quarters of the energy we need. For this reason, Galata Wind is committed to never investing in fossil resources.
Waste Management	When it comes to the life cycle of renewable energy, a planned and systematic management process for waste disposal is required. Renewable energy generation, such as solar and wind, while cleaner than fossil fuels in terms of waste generation, may also require the use of resources that can pollute the environment and impact human health, and requires strategic waste management process management.	Waste generated from the development and use of renewable energy infrastructure is rich in resources and contains rare earths and other valuable materials such as steel, copper and glass. According to the European Environment Agency, 95% of these materials are recyclable.	Waste management Lifecycle analytics Circular economy policies Sustainability strategy Supply chain management ISO 14001 Environmental Management System	Galata Wind has been generating renewable energy with the latest technology products since 2012. Waste management systems are also managed according to this technological infrastructure. However, the company's life cycle and circular management strategies and action plans will not be defined and announced until 2023. Systematic management of processes and auditing of the waste management structure as part of ISO 14001 audits are ensured on a regular basis.
Carbon Reduction	Recent developments regarding climate change and rising carbon dioxide (CO2) emissions worldwide show that, despite the increasing share of renewable energies in primary energy supply, all countries should significantly step up their efforts to decarbonize the energy sector in the future.	The electricity sector is considered the first among others to decarbonize. The prediction that the share of electricity consumption in the heating, transport and industrial sectors will increase in the future makes the decarbonization of the electricity sector even more urgent. Therefore, the growth of the renewable energy sector seems to be a priority for decarbonization.	New investments Growth strategies The goal of transition to 100% renewable energy in all processes by 2050 Awareness studies Collaborations	Sustainable finance Green bond EBRD collaborations Carbon credit product

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Climate Change	Energy consumption is the focus both as part of the problem and as part of the solution to climate change. Energy derived from fossil fuels for heating and electricity generation is now considered the largest source of carbon emissions (over 75 percent of global greenhouse gas emissions and about 90 percent of all CO2 emissions). However, differentiation in climate factors means that natural resources such as solar and wind energy are subject to seasonal fluctuations, and production targets are at risk due to changing performance factors resulting from climate change.	Nearly 80 percent of the world’s population lives in countries that are net importers of fossil fuels. This means that about 6 billion people depend on fossil fuels from other countries, making them vulnerable to geopolitical shocks and crises.	Growth and investment-oriented strategies in renewable energy generation	New investments
		Renewable energy sources are available in all countries and their potential has not yet been fully exploited. The International Renewable Energy Agency (IRENA) estimates that 90 percent of the electricity consumed worldwide could come from renewable energy sources by 2050.	Decarbonization goals	Carbon market
Resource Use	Increasing the use of renewable resources as well as natural resources is one of the priorities of sustainability. Not only reducing carbon emissions, but also using all natural resources efficiently is a priority to protect the dwindling natural resources of the planet we live on.	While renewable energy sources support inclusive economic growth, new jobs, and poverty alleviation, they also allow countries to diversify their economies and protect them from unpredictable fossil fuel price fluctuations, offering a way out of dependence on imports.	Sustainability strategy and collaborations	EBRD collaboration
		Increasing the use of renewable resources and natural resources is one priority of sustainability. Not only reducing carbon emissions but also using all natural resources efficiently is a priority to protect the dwindling natural resources of the planet we live on.	Decarbonization goals	Green bond
100% Renewable Energy Transition Goal	It allows institutions to set concrete goals for the transition to renewable energy, manage their operations with sustainable processes in the medium and long term, and disclose their expectations and commitments in line with global or national climate goals. However, because of factors such as the prevalence of fossil fuel energy, production costs, etc., there are many factors that make it necessary to extend the transition to 100% renewable energy in the long term. In addition, technological progress in the renewable energy sector is slower compared to other sectors.	Decarbonization is an essential prerequisite for a climate-safe future. Besides moving away from fossil fuels, which are a major source of emissions, transitioning companies’ energy supply to renewable energy provides a competitive advantage by reducing the risks associated with fossil fuel use.	Growth and investment-oriented strategies in renewable energy generation	Sustainability goals
		It also allows them to reduce fuel supply and costs, increase their share value, and enhance their reputation by meeting shareholder and investor expectations in sustainability.	Sustainability strategy and collaborations	Sustainability goals

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Social Aspects				
Occupational health and Safety	The dangers faced by workers in the renewable energy sector are often universal problems faced by people working in similar business sectors. However, clean energy alternatives such as wind energy pose certain risks that increase the safety risk for operators and technicians. Even the renewable energy sector is not immune to workplace health and safety threats.	The renewable energy sector will surpass the production of oil, coal, and natural gas in the coming years. As the generation and use of solar, wind and hydroelectric power increases, the industry will continue to grow and create more jobs for people around the world. For this reason, it is very important to create a healthy and happy work environment for our employees and to develop a culture of safety. All kinds of developments, training and learning related to workplace health and safety have a positive impact on employee retention. But they also represent a financial value, as they have a positive impact on the company's business continuity.	Occupational health and safety policies	Employee satisfaction surveys
Business Ethics and Compliance	In the global energy sector, corporate responsibility to improve compliance, transparency and integrity is becoming increasingly important. Strict regulations and expectations for legal, environmental, and social compliance are an important part of the energy sector agenda. Rational management of compliance risks promotes accountability and creates business value. For this reason, the sector in which we operate must establish effective business ethics and compliance policies and embed ethical behaviors into the daily practices that shape the way we do business.	This focus area, which includes the policies and procedures of companies to meet the expectations of their stakeholders by complying with all ethical rules, also includes advantages such as transparency, accountability, audit and progress that keep the company away from many legal problems by ensuring compliance with laws and regulations. Galata Wind continues its activities by applying all the ethical principles and policies of Doğan Holding, whose subsidiary it has been since its establishment, in its business processes.	ISO 45001	Stakeholder engagement dialogue platforms
			Educational programs	Supply chain improvement programs
Human rights	As a company operating in the renewable energy sector, Galata Wind aims to grow by maintaining a business relationship based on the trust of its stakeholders with its business partners, who respect human rights and are responsible. For this reason, the company continues to work with the local community to include diversity in all strategic decisions, ensure a fair transition to green energy, and play an active role in efforts to create a livable world for future generations. As in any sector, the company, starting with its employees, reviews its processes to prevent many practices that violate human rights in the regions where it operates and prepares its business plans with this in mind.	As an indispensable element, human rights are effectively considered in all the company’s business processes. The company continues this strategy with policies and procedures that do not allow business relationships or practices that would undermine the trust of its stakeholders. Galata Wind will continue to play an active role in developments in this area, adopting new regulations that meet stakeholder expectations and improve the treatment of human rights, which has become a critical element for the industry.	Ethical principles and principles	Compliance with laws and regulations
			Design of ethical processes	Employee satisfaction
Human rights	As a company operating in the renewable energy sector, Galata Wind aims to grow by maintaining a business relationship based on the trust of its stakeholders with its business partners, who respect human rights and are responsible. For this reason, the company continues to work with the local community to include diversity in all strategic decisions, ensure a fair transition to green energy, and play an active role in efforts to create a livable world for future generations. As in any sector, the company, starting with its employees, reviews its processes to prevent many practices that violate human rights in the regions where it operates and prepares its business plans with this in mind.	As an indispensable element, human rights are effectively considered in all the company’s business processes. The company continues this strategy with policies and procedures that do not allow business relationships or practices that would undermine the trust of its stakeholders. Galata Wind will continue to play an active role in developments in this area, adopting new regulations that meet stakeholder expectations and improve the treatment of human rights, which has become a critical element for the industry.	Ethical policies	Customer loyalty
			Compliance policies and processes	Review of ethical processes and regulation of policies
Human rights	As a company operating in the renewable energy sector, Galata Wind aims to grow by maintaining a business relationship based on the trust of its stakeholders with its business partners, who respect human rights and are responsible. For this reason, the company continues to work with the local community to include diversity in all strategic decisions, ensure a fair transition to green energy, and play an active role in efforts to create a livable world for future generations. As in any sector, the company, starting with its employees, reviews its processes to prevent many practices that violate human rights in the regions where it operates and prepares its business plans with this in mind.	As an indispensable element, human rights are effectively considered in all the company’s business processes. The company continues this strategy with policies and procedures that do not allow business relationships or practices that would undermine the trust of its stakeholders. Galata Wind will continue to play an active role in developments in this area, adopting new regulations that meet stakeholder expectations and improve the treatment of human rights, which has become a critical element for the industry.	Internal audit processes	Ethics and compliance training programs
			Internal audit processes	Sustainability indices
Human rights	As a company operating in the renewable energy sector, Galata Wind aims to grow by maintaining a business relationship based on the trust of its stakeholders with its business partners, who respect human rights and are responsible. For this reason, the company continues to work with the local community to include diversity in all strategic decisions, ensure a fair transition to green energy, and play an active role in efforts to create a livable world for future generations. As in any sector, the company, starting with its employees, reviews its processes to prevent many practices that violate human rights in the regions where it operates and prepares its business plans with this in mind.	As an indispensable element, human rights are effectively considered in all the company’s business processes. The company continues this strategy with policies and procedures that do not allow business relationships or practices that would undermine the trust of its stakeholders. Galata Wind will continue to play an active role in developments in this area, adopting new regulations that meet stakeholder expectations and improve the treatment of human rights, which has become a critical element for the industry.	Ethical principles and principles	Initiate due diligence, including the principles and tenets of “UN Human Rights for the Private Sector,” by reviewing ethical processes
			Human Rights Policy	Monitoring human rights indicators in all processes in business relationships with third parties
Human rights	As a company operating in the renewable energy sector, Galata Wind aims to grow by maintaining a business relationship based on the trust of its stakeholders with its business partners, who respect human rights and are responsible. For this reason, the company continues to work with the local community to include diversity in all strategic decisions, ensure a fair transition to green energy, and play an active role in efforts to create a livable world for future generations. As in any sector, the company, starting with its employees, reviews its processes to prevent many practices that violate human rights in the regions where it operates and prepares its business plans with this in mind.	As an indispensable element, human rights are effectively considered in all the company’s business processes. The company continues this strategy with policies and procedures that do not allow business relationships or practices that would undermine the trust of its stakeholders. Galata Wind will continue to play an active role in developments in this area, adopting new regulations that meet stakeholder expectations and improve the treatment of human rights, which has become a critical element for the industry.	Human Resources Policy	Monitoring human rights indicators in all processes in business relationships with third parties
			Occupational Health and Safety Policy	Monitoring human rights indicators in all processes in business relationships with third parties
Human rights	As a company operating in the renewable energy sector, Galata Wind aims to grow by maintaining a business relationship based on the trust of its stakeholders with its business partners, who respect human rights and are responsible. For this reason, the company continues to work with the local community to include diversity in all strategic decisions, ensure a fair transition to green energy, and play an active role in efforts to create a livable world for future generations. As in any sector, the company, starting with its employees, reviews its processes to prevent many practices that violate human rights in the regions where it operates and prepares its business plans with this in mind.	As an indispensable element, human rights are effectively considered in all the company’s business processes. The company continues this strategy with policies and procedures that do not allow business relationships or practices that would undermine the trust of its stakeholders. Galata Wind will continue to play an active role in developments in this area, adopting new regulations that meet stakeholder expectations and improve the treatment of human rights, which has become a critical element for the industry.	Investment Committee	Monitoring human rights indicators in all processes in business relationships with third parties
			Audit processes	Monitoring human rights indicators in all processes in business relationships with third parties

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Employee Circulation and Intermediate Staff	Strategic priorities in this area include increasing the retention of qualified renewable energy employees and contributing by monitoring the development and performance of the trained employee profile. Strategic action plans include training the technical mid-level workforce, one of the sector's key priorities, conducting training at the international level, and supporting workforce development to meet the needs of the ever-evolving sector.	It is known that the high level of commitment of trained employees is a factor that has a positive impact on both financial and non-financial indicators of the company. Factors that create opportunities in human resources also include continuous cooperation with universities and matching the potential employee profile in the industry to the company.	Activities to improve employee satisfaction Occupational health and Safety Human resources practices University collaborations	Reviewing and updating the Employees and Work Environment Policies Human Rights Policy Education and learning programs Vocational High School collaborations
Diversity, Equality, Inclusion	Diversity, equality and inclusion, which are among the fundamental principles of human rights, are not only among the priorities of Galata Wind, but also of Doğan Holding, of which we are a subsidiary, and among the expectations of our company. In this direction, issues such as making the necessary business plans by anticipating the risks, increasing the percentage of female employees and managers, and supporting the professional development of female employees, of which there are very few in the industry, are among Galata Wind's priorities.	The fact that the principles of diversity, equality and inclusion are firmly embedded in the company and that continuous progress in this area results in meeting the expectations of all stakeholders also contributes to a positive change in the company's culture and development. As a signatory to the United Nations Global Compact, Galata Wind is also committed to fulfilling its obligation in this regard.	Measurement and Evaluation Systems Human Resources Policy EBRD collaboration	Aims to increase female employees and managers Sustainability strategy Human Rights Policy Code of Ethics studies
Anti-Corruption	Combating bribery and corruption is an important risk in the renewable energy sector, as in any other sector. The risk addressed in this context should be considered in ethical processes, compliance mechanisms, and supply chain management, and should be part of risk management and audit processes.	The implementation of advanced monitoring and control mechanisms and strategies, supported by all stakeholders in the fight against corruption, helps the company to reduce its compliance risks, secure the trust of stakeholders, differentiate itself from its competitors and facilitate access to finance by meeting the criteria required by donors.	Anti-Bribery and Anti-Corruption Policy Code of Ethics studies Compliance training Ethical principles and principles	Sustainable finance Reviewing and updating ethical policies Initiation of Code of Ethics studies
Employee Development and Training	Important risk issues include attracting high-quality employees and increasing their loyalty to companies, which has become even more evident with the long-term pandemic and telecommuting in all economies. The issue of employee development and training is therefore a particularly high priority in sectors such as renewable energy, where a certain level of technical expertise and experience is essential. It is estimated that global installed capacity in solar and wind energy will quadruple from 2021 to 2030. This huge increase also shows that there will be significant difficulties in meeting the demand for qualified employees and that companies should take preventive measures quickly.	It is a fact that increasing the retention of qualified employees is a factor that both reduces employee turnover and puts the company in the spotlight of potential employees and reduces the company's training costs. In order to take advantage of these opportunities, one of the strategic expectations is that the company monitors and regulates the training and development of existing employees according to the needs of the sector with new policies and frequently consults the opinions of employees, which contain valuable feedback on the subject.	Activities and goals that increase employee satisfaction Human resources policies focused on employees	Activities to improve the recommendation system Employee engagement employee satisfaction survey Performance management Employees and work environment policies

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Local Community and Infrastructure Investments	Renewable energy companies can add value in the regions in which they operate and better manage the risks and opportunities that arise from a broad range of stakeholders. They can also create opportunities for the company by adopting sustainable practices. In this context, impact assessment studies are of great importance.	By comprehensively planning the impact analysis of the renewable energy sector and developing assessment criteria based on global standards, it is possible for companies to turn foreseeable risks into benefits through stakeholder engagement strategies, make infrastructure investments that benefit all parties, and implement these projects with the support of the local community.	Impact analysis Comprehensive impact assessment studies Compliance with international standards and codes Stakeholder engagement strategies Awareness studies Cooperation with local authorities	Sustainability policies EBRD collaboration Sustainability indices Investor expectations
Rights of Disadvantaged Groups	Equitable distribution of renewable energy and ensuring that people from all segments of society have access to this resource at affordable prices is not only related to human rights, but also directly related to the disadvantaged societies that are directly affected by climate change. This element, which is one of the most important sustainable development goals, should be considered and managed as an effective risk factor for all energy companies operating in rural areas.	Equal access to clean and renewable energy will be an important development measure in economic and financial terms. In order to rapidly realize this requirement, it is necessary to create long-term, reliable, and sustainable solutions, encourage investment, and enact the necessary laws and regulations that will enable the transition from fossil fuels to renewable energy sources. The most fundamental way to ensure that the disadvantaged societies most vulnerable to the impacts of climate change have easy and economical access to clean and renewable energy is to support clean energy generation.	Collaborations Environmental Impact Assessment studies Support for public policies International collaborations Sustainable financial instruments Green bond	Sustainability policies Investment Committee work EBRD collaboration Stakeholder engagement strategies
Economic and Administrative Aspects				
Innovation and Digital Transformation	The renewable energy sector, which is one of the sectors of the digital transformation era, must be one of the actors of this transformation and change. In the dynamically growing solar and wind energy sectors, there are key challenges that require being part of the digital transformation, such as storing energy and securing the supply chain. In the 21st century, referred to as the new energy economy, it has become a necessity to use digital technology to solve problems and make innovation the main axis of business strategies.	Planning the digital processes of all operational and strategic objectives, incorporating them into productivity studies, encouraging employees to think innovatively, and creating flexible structures that can adapt to technological developments are among the most important elements that make companies fit for the future. Companies that are able to adapt quickly to developments in this area are not only attractive to investors, but also quickly stand out from their competitors and offer a competitive advantage.	Digital transformation strategies and policies Process analysis Lean applications Recommendation systems	Digital transformation projects Digitization of data collection processes Sustainability strategies and policies Education and learning processes

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Corporate Governance and Transparency	The renewable energy sector plays a critical role in global efforts to combat climate change. However, governance difficulties and lack of transparency are among the important factors hindering the sector's growth. Corporate governance and transparency are among the fundamental expectations of stakeholders in the renewable energy sector, as the financial world increasingly seeks sustainability and transparency with concrete targets is seen as a financial value in economies.	Corporate governance and transparency are seen as priorities by investors because they provide opportunities for risk management and value creation for all stakeholders. Efforts by international standards and financiers to improve corporate governance and transparency are encouraging private sector investment, particularly in emerging markets. Investors are increasingly trusting companies that have a proven track record of managing their environmental and social risks and are focused on continuously improving their sustainability performance.	Corporate Governance Committee	Sustainability strategies
			Sustainability Committee	Studies on including non-financial risks in risk management models
			Sustainability strategies	Stakeholder engagement strategies
			Reporting activities	The goal of publishing a Sustainability Report
			Sustainability ratings	Index studies
Supply chain management	Managing the supply chain based on sustainability criteria and completing processes through audits that include these criteria are among the priority sustainability issues. In line with the new laws enacted in Europe, the reflection on the new developments that recognize the assessment of the situation in the supply chain as a legal obligation in many sectors, including the energy sector, will quickly have its impact in the sector and will be part of the expectations of investors.	It is clear that corporate sustainability cannot be achieved only by implementing their own strategies and policies. Reducing sustainability risks in each link of the value chain ensures the company's business continuity and also meets the expectations of a key stakeholder.	Measurement and evaluation activities	Sustainability strategy
			Code of Ethics studies	Harmonization studies
			Policies and procedures	Stakeholder engagement
			Purchase policy	Risk management
			Sustainable supply chain management strategies	
Cyber Security and Information Security	The renewable energy sector is becoming more important as countries try to move away from fossil fuel use. However, the rapid growth of the sector should be managed by considering cyber security and information security. Otherwise, it is possible that all kinds of security gaps in the life cycle of the industry, from power plants to smart meters, pose great risks.	The worldwide generation of electricity from renewable energy sources causes renewable energy assets to be increasingly considered as critical infrastructure assets. In order to mitigate these risks, companies in the renewable energy sector need to develop a clear understanding of cybersecurity vulnerabilities, plan the necessary steps to minimize risks, and develop cybersecurity approaches in accordance with the cyber threat environment.	Risk management studies	Sustainability strategy
			Digital transformation projects	Sustainability policy and action plans
Integrated and Reliable Energy Systems	The goal of being carbon neutral poses a risk to the reliability of integrated energy systems. Therefore, a comprehensive risk assessment of IES projects is among the most important expectations of investors.	Integrated and reliable energy systems contain elements that will create opportunities for the future of the renewable energy sector. However, in this process, the design, operation and planning of the systems should be analyzed considering the multiple benefits and minimizing the risks of these complex structures.	Risk management studies	Operational strategies
			Collaborations	Pre-evaluation and study studies

Material Focus Area	Risk	Opportunity	Risk Mitigation and Prevention Actions	Actions to Seize Opportunities
Public Incentives and Regulations	The fact that renewable energy regulations and incentives in developing countries lag behind those in developed countries poses a risk to sector players in Turkey. However, the high expectations of listed companies and the performance expectations that go beyond laws and regulations lead companies to widen their view and follow global developments in a good and timely manner.	Planned strategies and commitments aligned with global standards and codes pave the way for international incentives and enable the company to achieve its growth targets in less time.	Public collaborations	EBRD collaboration
			Compliance processes	Green bond
			Compliance with international standards and voluntary codes	
			Sustainability strategies	
Local Employment	The renewable energy sector, which is expected to grow rapidly in the coming years in terms of both investment and employment, should coordinate with its stakeholders to find a solution to the employment gap. It is said that 14 million new employment opportunities are foreseen in the energy sector by 2030. The renewable energy sector should make its preparations in this regard and enter into new collaborations with new solutions to contribute to local employment in the regions where it operates.	We know that contributing to local employment means being part of indirect economic development. Moreover, local employment is considered an important and positive contribution to "social recognition" in the regions where we operate.	Human Resources Policy	Development of training and learning tools
			Employees and Work Environment Policy	Stakeholder dialogue platforms and feedback mechanisms
			Sustainability strategy	
			Collaborations	Collaborations with local administrations and universities
			Stakeholder engagement	
Sustainable Finance	Renewable energy generation, or green energy, is directly related to the United Nations Sustainable Development Goals. Moreover, the use of fossil fuels is not only an environmental problem, but also represents an economic problem for societies and economies. It is a priority to create the necessary structures to promote the generation of renewable energy by public entities and to integrate into the sector the developments that meet the expectations of international investors.	Renewable energy companies that are able to integrate sustainability management processes into the company's management mechanisms have access to sustainable finance. The necessary precautions and structural changes should be made in this direction.	Sustainability management	Sustainability strategy
			Sustainability Committee	Sustainability goals
			Investment Committee	Green bond
			Sustainability strategy and policies	EBRD collaboration
			Material area study	

Environmental Sustainability

Environmental and Energy Management System

Galata Wind, which conducts its activities in all its power plants in compliance with the law, carries out its processes with an environmentally friendly approach and an approach aimed at optimizing energy consumption.

All the power plants Galata Wind operates hold the necessary documentation as required by: Forest Law No. 6831 and Regulation on Permits and Licenses Required by Forest Law; Environmental Law No. 2872 and Regulation on Permits and Licenses Required by Environmental Law; Regulation No. 29724 on the Procedures and Principles Regarding the Signing of the Agreement for the Right to Use Water for Generation in the Electricity Market; the Electricity Market Law No. 6446 and the Electricity Market License Regulation No. 29865. The company has also obtained ISO 14001 Environmental Management System and ISO 50001 Energy Management System certifications for all its power plants.

Galata Wind has defined the scope of the Environmental Management System by evaluating the environmental aspects that it can control and influence and that are related to its operations, products and services.

In determining the environmental dimensions, the company considers the following factors:

- Changes, including planned or new developments in activities, products and services, and new or changed activities.
- Unusual situations and unforeseen emergencies.

Galata Wind uses established criteria to identify aspects that have or may have significant environmental impacts, i.e., key environmental aspects. The following activities are carried out as part of environmental management at the sites and at the headquarters:

- Waste management
- Field inspections
- Monitoring and measurements
- Emergencies and accidents
- Environmental complaints

As part of Galata Wind’s energy management system, an energy audit is carried out to determine energy performance based on data and other information that makes it possible to identify opportunities for improvement, and continuity of this audit is ensured.

- To improve the energy balance, the company should:
- Analyze energy use and consumption using metering and other data (define current energy types, assess past and current energy use(s) and consumption).
- Identification of key energy consumers (SPEs) based on the analysis.
- For each SPE, defined to determine relevant variables, current energy performance, impact or change SPEs, operate under their control.
- Identifies and prioritizes opportunities to improve energy performance.
- Works to predict future energy use and consumption.

Carbon Offset

According to the United Nations Framework Convention on Climate Change (UNFCCC), carbon offsetting is a mechanism that involves the implementation of a series of activities that reduce and/or eliminate total greenhouse gas emissions to compensate for greenhouse gasses emitted in some way, particularly carbon dioxide (CO2). Carbon offsets are measured in metric tons of carbon dioxide equivalent (CO2e) and are generated by projects such as renewable energy facilities because they do not emit greenhouse gasses during their operation. Verified Emission Reduction (VER) is a mechanism for trading carbon credits in voluntary markets. Carbon credits are certified through a voluntary certification process and validated by an independent third-party assessment. After the validation process, carbon credits can be purchased on the voluntary market by individuals, companies, and organizations that pursue their own reduction targets to be carbon neutral and/or net zero and implement emission reduction activities to achieve those targets.

One VER carbon credit is equivalent to 1 metric ton of CO2 emissions (CO2e). VERs are calculated in accordance with one of several standards. The standards provide guidance for measuring carbon emission reductions and provide international certainty for VER trade. The Gold Standard for Global Goals (GS4GG) and the Verified Carbon Standard (VCS-VERRA) are the two standards most commonly used by carbon offset projects.

Because Galata Wind’s power plants generate energy from renewable sources, they reduce carbon emissions in the atmosphere. For this reason, projects that can offset carbon can benefit from carbon trading within this category. Galata Wind can operate in voluntary markets, as Turkey has no mandatory targets under the Kyoto Protocol. The

company uses Gold Standard carbon certificates in Mersin WPP, Şah WPP, Taşpınar WPP, Çorum SPP and Erzurum/ Aziziye SPP while in Erzurum/Hınıs SPP, the VCS certificate is used. Under these standards, the company’s power plants are granted periods in which they can continue to verify and trade carbon credits. Galata Wind has continued the validation and verification process for all eligible power plants since 2012 and is officially committed to continue the process until the end of the monitoring periods, as highlighted during the IPO phase. The annual carbon emissions reduced by Galata Wind’s power plants are as follows (amounts may vary depending on years finalized):

- Galata Wind, which achieved a total of 901,905 tons of CO2 emission reduction in Şah WPP during the first validation period from May 2011 to May 2018, has achieved an additional total of 490,427 tons of CO2 emission reduction until the beginning of 2021 during the second verification period, which covers the years 2018-2026. 180,391 tons of CO2 emission reduction will be achieved in 2021 and 186,576 tons of CO2 emission reduction will be achieved in 2022.
- Galata Wind, which achieved a total of 530,587 tons of CO2 emission reduction for Mersin WPP in the first validation period from August 2010 to August 2018, has achieved an additional total of 249,217 tons of CO2 emission reduction until the beginning of 2021 in the second verification period covering the years 2018-2026. 124,163 tons of CO2 emission reduction will be achieved in 2021 and 125,928 tons of CO2 emission reduction will be achieved in 2022.
- The third review period, covering 2026-2033, will also be conducted for Şah and Mersin WPP. By 2034, both power plants are expected to save a total of 280,000 tons of CO2 emissions on an annual average.

- Taşpınar WPP, which entered the Gold Standard process in 2021, will continue to use its validation rights until 2036. Taşpınar WPP will reduce 85,379 tons of CO2 in 2021 and 106,762 tons of CO2 in 2022. By 2036, Taşpınar WPP is expected to achieve an average annual CO2 emission reduction of 100,000 tons.
- Çorum SPP was included in the Gold Standard processes in 2018 and reduced CO2 emissions by a total of 31,034 tons during the first validation period until the beginning of 2022, which covers 2018-2022. From Çorum SPP, 7,491 tons of CO2 emission reduction has been achieved in 2021 and 7,221 tons of CO2 emission reduction was achieved in 2022.
- Erzurum SPP Aziziye Power Plant is under the Gold Standard and Hınıs Power Plant is under VCS-VERRA. The processes in both areas were completed in 2019. During the first validation period, which covers the years 2019-2023, a total of 38,499 tons of CO2 emission reduction has been achieved until the beginning of 2022 for Aziziye Power Plant. From this power plant, 13,062 tons of CO2 emission reduction has been achieved in 2021 and 12,665 tons of CO2 emission reduction will be achieved in 2022. For the Hınıs power plant, a total of 23,626 tons of CO2 emission reduction will be achieved during the first validation period until the beginning of 2022 covering the years 2019-2029. From this power plant, 8,125 tons of CO2 emission reduction has been achieved in 2021 and 7,727 tons of CO2 emission reduction was achieved in 2022.
- The company has the right to validate the emission reductions by 2033 in Çorum, by 2034 in Erzurum Aziziye and by 2039 in Erzurum Hınıs. Galata Wind expects an average annual CO2 emission reduction of 27,000 tons at all SPPs.

Plant Name	Carbon Standard	tCO2 reduction in 2022
Şah WPP	Gold Standard	186,576
Mersin WPP	Gold Standard	125,928
Taşpınar WPP	Gold Standard	106,762
Çorum SPP	Gold Standard	7,221
Erzurum Aziziye SPP	Gold Standard	12,665
Erzurum Hınıs SPP	VCS-VERRA	7,727
TOTAL		446,879

In addition to carbon certification rights, Galata Wind continues to work toward its goal of reducing its Scope 1 emissions due to its operations to zero by the end of 2025. Hence, data collection was accelerated in 2022 to achieve decarbonization of all processes, including administrative processes, via calculating the carbon footprint of the company within ISO 14064. The results achieved will be shared with stakeholders through the Sustainability Report.

Climate Change

Recognizing that the climate crisis caused by climate change is a social and economic threat that affects not only developing countries or underdeveloped economies, but also communities in all parts of the world, Galata Wind operates in the field of renewable energy, which is the main element in the fight against the climate crisis, acts with the commitment to only generate renewable energy.

Leading the transition to low-carbon business models with renewable energy sources in its product portfolio is one of Galata Wind’s main objectives. As an investor in a clean and safe environment for future generations, Galata Wind is committed to transitioning to 100% renewable energy throughout its lifecycle by 2030.

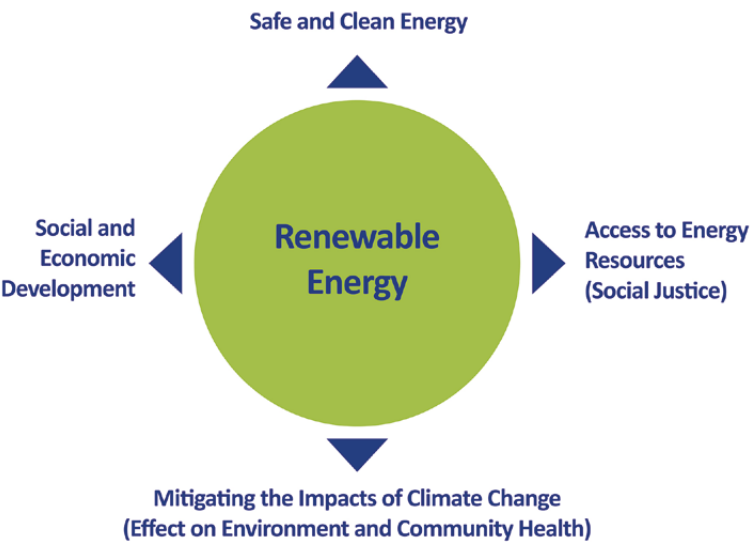
Galata Wind’s Climate Change Policy was prepared in accordance with Galata Wind’s Sustainability Strategy to

meet the expectations of the Doğan Group, of which it is a part, which strengthen sustainable resource use, a culture of respect for the environment, and the fight against climate change. The company’s sustainability strategy has been developed in line with the objectives of reducing the environmental impact of its activities, protecting biodiversity, supporting sustainable development and sharing information by questioning the expectations of each stakeholder group in this area.

Galata Wind, which currently has a total installed capacity of 269 MW from renewable energy sources, aims to become Turkey’s clean electricity provider with 550 MW installed power by 2025 with an environmentally friendly, reliable and sustainable business model that reduces our country’s dependence on imported energy by properly using renewable energy sources.

Galata Wind’s climate protection policy and related goals include the following principles:

- Supporting the United Nations Sustainable Development Goals (SDG 13) by taking action to address environmental impacts caused by climate change while providing accessible and clean energy for future generations (SDG 7).
- Reducing Scope 1 emissions to achieve Zero Carbon (Net-Zero) in all its operations and activities by 2030.



Galata Wind Climate Change Policy

- Seeing its investors as the most important business partners by pursuing the global carbon market and ESG-supportive sustainable finance sector, which provides access to the resources needed for more clean energy investments in Turkey and abroad.
- Recognizing that transparency is key element in the combating climate change, reporting on all sustainability performance, including environmental data, and disclosing it through regular and accessible sources.
- Seizing cooperation opportunities by supporting all sectoral groupings, partnerships, institutions, and organizations with which it collaborates, in line with common goals, to create social value and combat climate change. (SDG 17)

Climate Change Management Approach

Climate Change Risk

Renewable energy generation is closely linked to climate risk. Wind generation is a direct consequence of the sun’s rays striking the earth’s surface. Global warming changes the intensity and angle of the sun’s rays, thus indirectly affecting global wind formations. Galata Wind considers global warming to be the greatest climate risk. The company’s assets may be damaged by sudden wind changes such as hurricanes and/or cyclones, and by temperature changes resulting in icing and/or hailstorms, which directly result from global warming. Indirectly

unstable and fluctuating wind conditions and unstable solar radiation can affect local power generation from the plants. These risks are evaluated financially by considering both potential loss of revenue and new investment and operating costs that may be incurred. The financial risk of climate change is calculated using the difference between the generation average of recent years and the year with the lowest generation

Climate Change Risk Management

Galata Wind’s risk management system has been established to monitor financial, operational, strategic, information technology, climate, occupational health and safety, and regulatory compliance risks. These risks are monitored and managed by the company’s responsible managers. As part of Galata Wind’s ISO Integrated Management System, risks related to the overall business structure and processes are identified, assessed and prioritized.

The probabilities of these risks and effectiveness of the controls are determined. Circumstances, likely events, trends, or similar factors are considered, such as whether the risks were intended and realized. Various methods are used in the management and processing of risks.

Community Engagement

Human Rights Policy

Galata Wind, a subsidiary of Doğan Group, adheres to the international declarations, principles, treaties and agreements to which Turkey is a party, especially the human rights provisions in the Constitution, and respects the rights of its employees. The necessary working methods are developed to create a working environment in which human rights are respected and not to engage in activities that directly or indirectly violate human rights. Galata Wind treats its employees equally, regardless of religion, ethnic origin, language, race, age, color, nationality, social origin or gender. The company is committed to providing its employees with a safe working environment free from any form of harassment, abuse, exploitation and violence, and does not tolerate forced or compulsory labor. The detailed company policy on this subject can be found on the company website at www.galatawindenerji.com.

Community Engagement Policy

Galata Wind’s community engagement policy includes direct participation in social development through the generation of clean energy and the possibility for future generations to live in a healthier environment. Community engagement means meeting the expectations of society in which we live and work, in line with Galata Wind’s impact, and being able to respond to their concerns, increasing its transparency by the day considering these expectations, and understanding society’s concerns through continuous feedback mechanisms. The Company’s approach and priorities in relation to social recognition are detailed in the relevant section of the Annual Report.

Community Volunteering Programs

Galata Wind believes that a strong and contemporary society is created by growing contemporary generations that respect universal values and contribute to solving social and economic problems. In this sense, Galata Wind, through its volunteers, carries out various social awareness programs in order to raise society’s awareness and meet society’s expectations of the company in line with its priorities.

Galata Wind bases its social participation programs on the following principles:

- Seeking areas of development that minimize the environmental impacts that may result from their activities and applying environmental solutions.

- Directing programs to solve economic and social problems of society, raising awareness of issues related to future development, evaluating opportunities for cooperation or support of such programs.
- Contribute to public or private sector programs that increase environmental awareness in society through collaboration.
- Emphasizing human rights and equality; attempting to raise awareness in society that there should be no discrimination on the basis of language, race, color, sex, political opinion, creed, religion, sect, age, physical disability, and similar grounds.

Galata Wind also promotes corporate volunteering programs to raise the social awareness of facility employees, to be sensitive to the problems of society in the regions where the company operates, and to take part in solving social problems with employees who have a strong sense of social responsibility.

Among the key priorities of Galata Wind, which places its sustainability vision at the heart of all its operations, is raising awareness of the issues of “energy efficiency, savings, climate change” both internally and externally. The company considers one of its primary objectives to direct the expectations of stakeholders in this area, which is one indicator of the sustainability codes and standards and directly affects its impact, in its favor and in the right area. The volunteer platform “ Positive Energy Envoys “, established for this purpose, plans and implements the necessary activities for employees to become volunteers who have a high social awareness, enjoy contributing to the society in which they live with their personal skills and abilities, and develop their loyalty to the company by experiencing the satisfaction of working in a company with developed sustainability competence. The Positive Energy Envoys are helping Galata Wind improve its performance in social participation by conducting social awareness studies in four areas: Equal Opportunities in Education, Gender Equality, Protection of the Ecological Environment, and Animal Rights. These topics were determined by evaluating Galata Wind’s material sustainability topics, employees’ opinions and suggestions, and strategic priorities, as well as the priority expectations of society in the region where we operate.

Below are the dates of the events held in 2022 as part of the Positive Energy Envoys Platform:

Volunteering Platform	Location	Duration	Hour	Participant Number	Total Hours
Protecting our Paw Friends	Taşpınar WPP	Everyday	1	1	360
Building a home for our Paw Friends	Taşpınar WPP	1 day	2.5	4	10
Protecting our Paw Friends	Erzurum WPP	Everyday	0.5	1	180
Child Protection Agency Girls' Trip	İstanbul/Aqua Florya	17.05.2022	9	6	54
Environment Day Event	Belgrad Forest	05.06.2022	7	6	42
Korubaşı Spor Football Tournament Support	Bursa/Korubaşı Neighborhood	05/12.06.2022	16	1	16
Dost Association/Cancer Patients' Shelter Construction	Bilecik/Osmaneli	04.10.2022	6	2	12
Total Volunteering Hours					674

With their sustainability vision, Positive Energy Envoys won the “Social and Environmental Sustainability Award for Creating Value of the Year” at the 2022 Doğan Value Awards.

Continuity of volunteer programs implemented in 2022 will be ensured in 2023, in line with the company’s sustainability vision. It is aimed to contribute to the social participation of Galata Wind by increasing both the number of Positive Energy Envoys and the number of volunteer hours of the company. In this direction, it is planned that the volunteers of the platform will receive a “Corporate Volunteering” training in 2023, then a procedure for volunteering will be elaborated and the platform will have a corporate structure.

Social License to Operate

Galata Wind strives to meet the people’s sensitivity to environmental issues and their needs in social life in the localities where its power plants are located, and carries out public information activities on the environment and energy. In addition, the company maintains a Grievance Mechanism for the villages near its power plants in which “grievance books” are held in the offices of village leaders to record feedback from the population on environmental and other social issues, and these books are periodically reviewed by independent auditors.

Galata Wind, which has participated in tree-planting campaigns in various districts of Balıkesir as part of its environmental studies, has planted about 2,000 trees so

far. The company also provides vehicles, personnel and various equipment to the Bursa Directorate of Nature Conservation and National Parks. Galata Wind, which sets up bird feeders for wild birds in winter and leaves food in suitable places for feeding deer, shows the highest sensitivity to environmental protection, as Şah WPP is located in the forest and wildlife protection zone.

A part of the Şah power plant is located in the Bursa-Karacabey Ovakorusu Wildlife Protection Area. For this reason, Galata Wind takes great care in its routine activities and carries out its operations without harming the wild boars, deer, foxes and grizzly bears in the area. Galata Wind covers the costs of 5 employees working in the Ovakorusu Bear Shelter and Rehabilitation Center, which is located in the region and is the only one in Turkey. Covering an area of about 100 hectares, the center provides a safe living environment for 81 grizzly bears and other wild animals in conditions close to their natural habitat. In addition to the necessary surgical procedures to sterilize and treat the bears, studies are also conducted there to improve their quality of life.

In addition, Galata Wind also supported a study on wildlife sustainability by shooting a documentary in accordance with the protocol with the Ministry.

To improve environmental conditions in the region, Galata Wind periodically conducts bird surveys and ornithological activities in accordance with IFC Environmental and Social Performance Standards at the Mersin and Taşpınar power plants, which are near bird migration routes.

Human Resources

Equal Pay for Equal Work Approach

Galata Wind has incorporated the principle of “equal pay for equal work” into its wage policy. Galata Wind respects the rights of its employees and believes that people who work in the same job and have a similar workload should be paid equally. For this reason, the Company has established and announced the job descriptions and duties of its employees, as well as the criteria for performance and compensation. Market trends and performance evaluations are considered when setting and updating pay levels, and annual wage increases are reflected in wages during periods deemed appropriate by the employer.

Human Resources

Galata Wind’s primary goal in human resources management is to be a company where employees are happy and proud to be a part of. Knowing that sustainable growth is only possible with the loyalty of its employees, the company aims to grow with fast, proactive, responsible and strategically thinking colleagues. As part of the Doğan Group, Galata Wind has adopted the Group’s human resources culture and policies. The HR policy can be viewed on the company website www.galatawindenerji.com.

Galata Wind strives to attract high quality and qualified employees who respect the environment and nature and have a high level of social awareness in line with its human resources objectives, contribute to the training and development of these employees, implement innovative human resources practices that ensure proper career planning where success is rewarded, and always offer the best to its employees.

In this context, Galata Wind follows a participative management policy that combines different perspectives and knowledge, creating an effective communication and motivation environment in which employees can use their creativity and express their ideas, also taking into account the work-life balance.

Recruitment and Employer Brand

In 2022, Galata Wind successfully completed the hiring and orientation / onboarding processes designed for new employees. As part of the employer brand activities, developing relations with universities was encouraged and the company participated in the ITU Spring Festival and

the Boğaziçi Energy Summit in 2022. The plan for 2023 is maintain and improve the collaborations and activities with universities.

Performance Management and Feedback Process

The fair evaluation of the work performed, the continuity of the feedback process, the fair reflection and appreciation of the evaluation results for the employees, both in terms of material and professional opportunities and development, are the issues that are given importance in the Human Resources Policy of Galata Wind. Implementing the performance management system continued in 2022 with the participation of all employees.

In March 2022, the personal goals of all head office employees from the top to the bottom were set and transferred to the digital system, and in December 2022, the process of goal realization and competency assessment was completed in the digital environment.

Considering that a feedback culture based on positive, transparent, open and constructive communication is very important to create a learning and evolving organization, a 180-degree feedback system was implemented in 2022, allowing employees to provide feedback to their supervisor on some of their competencies. In this context, employees evaluated their supervisors during the goal achievement period using a survey method that covers the leadership competencies model, and the results of the survey were sent anonymously to managers with a team of over three people from the department HR. The survey results will also be used for leadership development programs in 2023.

All employees who are in the performance process participate in the reward process, and performance is rewarded. Based on the results of the performance process for each year, the year-end bonuses of Galata Wind employees and the employees who will be promoted in the next year are determined. In addition, training programs are created for employees according to the defined development areas.

The reward system that was applied in January 2022 to all employees who were successful after the 2021 performance results will be implemented in January 2023 after the 2022 performance results.

Training and Development

In 2022, a reward system was introduced for all employees who were successful compared to the previous year’s performance results. Based on the results of the 2021 performance management, online training courses suitable for employees’ professional and personal development were planned and implemented.

In line with the talent management results of 2021, leadership training programs for n-1 and n-2 level employees are planned in 2022. The leadership training programs will be designed separately for the General Manager, levels n-1 and n-2, in accordance with the development areas set by the Talent Management Committee, with Sabancı EDU for the General Manager and level n-1 and with BMI for level n-2. Agreements have been made and participation in the training programs has been ensured. In 2022, eight managers completed the leadership schools. A leadership school was designed for the employees of the junior pool and training programs were planned with the training company HOH.

After the meeting of the Talent Committee in 2022, the training programs will be updated with the educational institutions according to the development areas, and the leadership training programs will continue in 2023 with new participants.

As a Company that cares about the development of its employees, Galata Wind also recorded a year of high participation in the foreign language courses launched in 2022. Under the agreement with Open English, a next generation learning platform, employees took online English courses throughout the year. English classes will continue in 2023 on the Cambly platform.

Three managers at Galata Wind earned ICF certification at the end of the ICF training they received in 2021 and started internal coaching sessions in 2022. Currently, five employees continue their development journey with our coaches.

With the implementation of the Reverse Mentoring Program, which aims to allow the different generations within the company to better understand each other’s expectations and act more harmoniously, Galata Wind has continued to support the development of its employees by appointing mentors born in the 90s and later, in 2022, Generation X managers.

The company also continued its legally required training in occupational health and safety, first aid, fire safety, information security and energy management, which must be completed both at the power plants and at headquarters. Technical training, on the other hand, includes training attended by all employees, such as Corporate Sustainability, Ethics and Reputation, as well as individual training to improve employees’ skills. The table below shows the overall trainings attended by Galata Wind employees in 2022 and the average hours of training.

2022	Total Training Hours	Number of Employees	Average Training Hours
Legal mandatory trainings	1,095	51	21.5
Personal development trainings	160	51	3.1
Leadership trainings*	497.5	7	71.1
Foreign language trainings*	2,178	15	145.2
Technical trainings	387.5	51	7.6
Overall Average	4,318	51	84.7

* Not open to all employees.

In addition, Galata Wind educates its employees with internal training in Integrated Management Systems, Information Security Awareness, Energy Conservation and Efficient Use, Environmental Safety and Waste Management, Internal Auditing, Customer Satisfaction, etc. as part of the regular ISO audits. No training courses were held in this context in the interim audit year 2022.

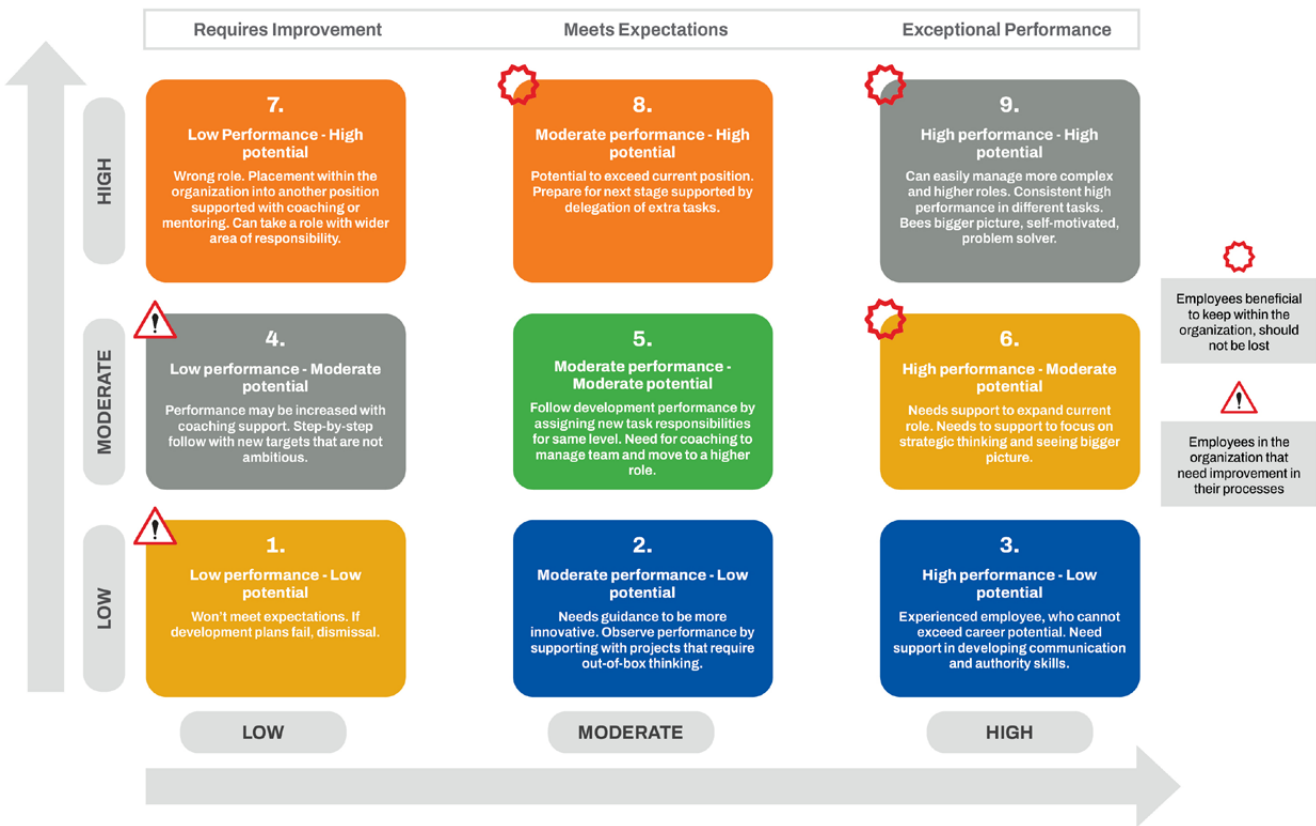
Talent Management and Succession Planning

The 9-box system that was put into practice for the n-1 level in 2021 was also implemented for the n-2 level in 2022. The system for identifying and securing critical roles established in 2021 was further implemented using the “Identification of Critical Roles” questionnaire. Efforts to identify young talent continued through potential assessment questionnaires.

Starting in August, all n-1 and n-2 managers conducted a 39-question competency questionnaire for their employees through the HR department. Thanks to this survey, which assessed employees’ potential, the 2021 performance results and the boxes of n-1 and n-2 level employees were identified. Calibration and talent management meetings with management identified the areas of development for the employees concerned, and plans were drawn up for participation in leadership programs in 2023 and in 2022.

The system introduced in 2021 to identify and secure critical roles was further implemented using the Critical Role Identification questionnaire. In the 2022 talent management meeting, critical roles and employees who can replace these roles were assessed and roadmaps for development areas and career planning were defined.

Galata Wind Talent Management 9 Tile System



Work - Private Life Balance

“Flexible working hours” and “home/remote work” one day a week, which were introduced as a pilot project independently of the pandemic process between January and March 2022, were made permanent in March 2022, in accordance with the results of the survey that collected employees’ opinions, and the procedural studies in this direction were completed. Flexible work hours are set as 08:00-17:00; 08:30-17:30; 09:00-18:00; or 09:30-18:30, with employees able to set their work hours on the days they choose. Wednesday has been established as a work from home day.

In 2022, the HR policies on topics such as special days and death were improved and shared with employees.

To ensure that its employees feel the culture of solidarity in all areas of life, Galata Wind offers a “Welcome Baby” package for employees with a baby and “Birth Coaching Training” for female employees during their pregnancy. Likewise, the company wishes its employees “Lifelong Happiness” with a wedding gift and an additional marriage license. On their birthdays, employees receive a gift in the form of book vouchers, a “Birthday Vacation” and a “Happy Birthday” package. In the case of first-degree deaths, the message “We feel and share your pain” is presented with funeral assistance and additional permits.

Galata Wind’s leave policy was also updated to support the policy of supporting female employees in particular. In this regard, starting from 2022, the “Birthday Leave” and “Special Leave” requests have been put into practice, in addition to the legal permissions. Special leave is the right to take paid leave at the initiative and with the approval of the supervisor in special cases, such as emergencies related to first-degree relatives of employees, the first day of school and report card day, complaints by female employees on their special days, etc.

Employee Profile and Women’s Empowerment

Aware that the most effective condition is to continuously create value with the best-equipped employees, Galata Wind values extensive expertise and experience, and appreciates and supports the dynamism and enthusiasm of young people who have the desire to learn as well. The company believes that education is one of the most important keys to success, and therefore promotes higher education for its employees as part of its working hours.

The empowerment of women is one of Galata Wind’s most important approaches. The company encourages its female employees to take more initiative and aims to increase women’s participation in all areas of the sector, from engineering to management. At the time of its IPO, the company committed to increase the proportion of women in senior management at headquarters to over 30% within two years and to appoint at least one female member to the Board. Both of these commitments have been fulfilled by 2022.

By the end of 2022, Galata Wind will have 51 employees. Some basic indicators of the employee profile are listed below.

Galata Wind encourages its female employees to take more initiative and aims to increase women’s participation in all areas of the sector, from engineering to management.

Job Title	Headquarter		Power Plants	
	Men	Women	Men	Women
Housekeeper			8	
Administrative Staff/ Executive Assistant	2	1	2	
Technician			14	
Assisstant Specialist	2	2		
Engineer				1
Specialist		2		
Senior Specialist	1			
Assistant Manager		1		
Manager	4	3	3	
Director	1	2		
Deputy General Manager	1			
General Manager	1			
Total	12	11	27	1
Overall Total	23		28	

Executive Profile	Headquarter		Power Plants	
	Men	Women	Men	Women
Senior Management (Director, Deputy GM, GM)	3	2		
Middle Management (Asst. Manager., Manager, Senior Manager)	4	4	3	
Total	7	6	3	
Overall Total	13		3	

Labor Profile	Headquarter	Power Plants
Blue Collar	0	8
Grey Collar	1	16
White Collar	22	4
Overall Total	23	28

Labor Profile	Employee	%
Men	39	76,5
Women	12	23,5
Overall Total	51	100

Age Profile								
Age	30 and below	31 - 35	36 - 40	41 - 45	46 - 50	51 and above	Total	Average Age
Sayı	10	5	10	10	9	7	51	40
%	19.6	9.8	19.6	19.6	17.6	13.7	100	

Education Profile			
Levels	Gender	Employee	%
Elementary School	M	5	9.8
	W	-	-
Middle School	M	1	2.0
	W	-	-
High school	M	1	2.0
	W	1	2.0
Vocational High School	M	10	19.6
	W	-	-
College	M	8	15.7
	W	-	-
University	M	10	19.6
	W	8	15.7
Graduate School	M	4	7.8
	W	3	5.9
Overall Total		51	100

Galata Wind’s turnover rate shows the value the company places on its employees and how much it cares about providing a positive work environment. The turnover table for the last 3 years is given below:

Employee Turnover Table					
Year	Average Number of Employees	Number of Recruitments	Change (%)	Number of Dismissals	Change (%)
2020	37	4	10.8	3	8.1
2021	44	15	34.1	5	11.4
2022	51	6	11.8	6	11.8
Genel Ortalama	44	8.3	18.9	4.7	10.7

Occupational Health and Safety

Occupational Health and Safety Policy

Galata Wind, in 2015, obtained its ISO 45001:2018 Occupational Health and Safety Certificate (OHS) at all its power plants and headquarters, and renewed it in 2021, extending the life of the certificate to 2023.

Galata Wind, which always prioritizes the health and safety of its employees, shares the responsibility for ensuring occupational health and safety with all employees, from the lowest to the highest level. All employees make every effort to comply with health and safety policies to ensure workplace safety.

Galata Wind’s policy is to act in accordance with the OHS law and the principle that improvement actions in this area are the shared responsibility of employees. Employees are required to immediately discuss unsafe situations in the workplace with their supervisors. The company encourages its employees to take responsibility for the safety of their own workplace, regularly conducts risk analyzes and takes measures to minimize the risks identified as part of these studies.

The main objective of Galata Wind’s OHS management is to prevent risks and make the working environment and conditions safe by identifying in advance the factors that may cause occupational accidents and diseases. In order to provide its employees with a safe working environment, raise awareness and sensitize employees to OHS, the Company periodically organizes OHS training sessions, which are mandatory for all employees. The company

strives to identify new and current issues that may arise by regularly reviewing the relevant training measures.

Since Galata Wind’s power plants are in the “very hazardous” class, the provision of OHS in the power plant areas is handled much more carefully. In addition to the legal training programs, internal training programs are conducted by the plant managers at regular intervals.

Galata Wind, which runs its OHS practices through OSGB companies, began routinely inspecting its power plants every month in 2022 by employing a OHS certified staff member on its own board. The company has spent TRY 634.1 thousand in 2022 for OHS developments and allocated a budget of TRY 10.9 million in 2023.

Occupational Health and Safety Training programs

Galata Wind places great emphasis on training its employees at OHS. The company considers the implementation of these training programs and the monitoring of procedures both a legal obligation and an operational priority. Trainings that had been postponed due to the pandemic has also been completed in 2022.

OHS training includes the following topics: Occupational Health Basics, Occupational Safety Basics, First Aid, Fire Safety, Fire Drills, Search and Rescue, Working at Heights, Use of Personal Protective Equipment, Use of the Defibrillator (OED), Workplace Accidents, Workers’ Compensation, Legal Rights and Regulations, Occupational Diseases, Technology and Occupational Hazards.

2022	Total Training Hours	Number of Employees	Average Training Hours
Şah WPP	369	13	28.4
Mersin WPP	180	9	20
Taşpınar WPP	128	8	16
Headquarter	108	27	4
Overall Total	785	57	13.8



Galata Wind requires its subcontractors who are not its own employees to implement its own standards regarding OHS trainings. As OHS trainings for subcontractors are valid for 2 years, the trainings are carried out in rotation.

The average number of hours of OHS training for employees responsible for maintenance and service is given below.

2022	Total Training Hours	Number of Employees	Average Training Hours
Şah WPP	96	6	16
Mersin WPP	48	3	16
Taşpınar WPP	48	3	16
Overall Total	192	12	16

The average hours of OHS trainings for security guards are given below.

2022	Total Training Hours	Number of Employees	Average Training Hours
Şah WPP	80	5	16
Mersin WPP	80	5	16
Taşpınar WPP	80	5	16
Erzurum SPP	368	23	16
Çorum SPP	64	4	16
Overall Total	785	42	16

Code of Ethics and Business Ethics

Code of Ethics

Galata Wind has deeply internalized and adopted the Group’s values and priorities since the day it joined the Doğan Group. The Code of Ethics establishes a basic and common approach to certain issues that are important to the company and its stakeholders. The rules outline cases of conflicts of interest that may arise between employees, business partners, and the company, and list the principles and rules that employees must follow. Since 2021, the Ethics Helpline has been in operation, where employees of the Doğan Group, including Galata Wind, can obtain clarity in uncertain situations and report violations of the rules or practices.
Ethical violation email address: etik@doganholding.com.tr

Business Ethics at Galata Wind

Galata Wind generates wind and solar energy, the cleanest kind of energy that societies deserve and that people deserve today. Therefore, the company is committed to disclosing the cost, capacity, reliability, performance and other characteristics of its renewable energy products and services with accuracy and integrity, informing its stakeholders accordingly and maximizing its transparency with this understanding by the day.

- Galata Wind’s business ethics are defined and managed as follows:
- We conduct our activities in compliance with all applicable legal and regulatory requirements and Doğan Holding’s Code of Ethics and Conduct.
- Our Code of Ethics and Conduct applies to Galata Wind’s officers and employees, including employees of all third parties with whom we have business relationships.

- We conduct our business processes with zero tolerance for bribery and corruption.
- We organize our business environment and all of our business relationships with the expectation of open and honest communication.
- We act with an understanding of business ethics that exceeds legal expectations.
- We recognize that the prerequisite for creating an ethical work environment is to establish mechanisms and design processes that enable our employees to raise their concerns and issues in a culture of respect, openness and collaboration.

Doğan Holding Code of Ethics can be viewed here. https://galatawindenerji.com/media/idbjkhfz/dogan_holding_code_of_ethics-1.pdf

Doğan Holding Anti-Bribery and Corruption Policy can be viewed here. https://galatawindenerji.com/media/i1acfsj4/dogan_holding_anti-bribery_and_anti-corruption_policy-1.pdf



Corporate Governance Report

Corporate Governance Principles Compliance Rating

The Company started to implement the Corporate Governance Principles published by the Turkish Capital Markets Board (CMB) after the public offering of Galata Wind Enerji A.Ş. (“Galata Wind”) in April 2021. Corporate Governance Rating is a system that examines a company in terms of its governance structures, how they are managed, the regulations regarding shareholders and stakeholders and whether disclosures are fully transparent and accurate in line with today’s modern Corporate Governance Principles. Corporate governance ratings are provided by rating entities based on their assessments.

For the governance rating process of Galata Wind Enerji A.Ş., the rating agency Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.

used the Corporate Governance Compliance Rating methodology to assess the company’s compliance with the Corporate Governance Principles. Following the assessments under the main headings of Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors, the Corporate Governance Rating of Galata Wind Enerji A.Ş. was determined as 9.40 out of 10. This result demonstrates that Galata Wind complies with the Corporate Governance Principles published by the Capital Markets Board to a significant extent and is therefore eligible to be included in the BIST Corporate Governance Index. Accordingly, the company has been traded on the BIST Corporate Governance Index since December 2022.

Corporate Governance Compliance Statement

Since April 22, 2021, when the stocks started to trade on Borsa Istanbul with the ticker “GWIND,” the Company has been subject to the regulations of the Capital Markets Board. In accordance with Corporate Governance Communiqué no. II-17.1 promulgated by the Capital Markets Board and published in the Official Gazette no. 28871 on 03.01.2014, the Company has strived to adopt the principles of equality, transparency, accountability and responsibility. Article no. 24 under the “Corporate Governance Principles” in the Articles of Association stipulates that the Company and its bodies will follow the principles mandated by the Capital Markets Board. The activities and Board resolutions that do not align with the mandatory principles will be deemed void and in violation of the Articles of Association. The Capital Markets Board’s corporate governance regulations will be followed during the implementation of the Corporate Governance Principles and in related party transactions of material significance for the Company’s activities.

According to the CMB’s Board of Directors resolution no. 2/27 dated 13.01.2022, Galata Wind is included among the BIST Second Group Companies in the 2022 accounting period. The company was evaluated by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. using the methodology

for “BIST Second Group Companies” based on 448 criteria. The Communiqué “(II-17.1.a)” Amending the “Corporate Governance Communiqué (II-17.1)” and the Corporate Governance Communiqué No. II-17.1, both published by the Capital Markets Board, the regulations regarding the non-mandatory sustainability principles compliance framework, and the Board of Directors’ resolution no.4/107 passed at the CMB’s board meeting on 01.02.2013, were taken into consideration in the methodology and during the rating process.

Following the evaluations under the main headings of Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors, Corporate Governance Rating of Galata Wind Enerji A.Ş. was determined as 9.40. This score shows that the risks that the Company may be exposed to have been determined to a large extent, that the Company observes the rights of the shareholders and stakeholders, public disclosure and transparency activities are at a good level, and the structure and procedures of the Board of Directors are in compliance with the principles. Accordingly, Galata Wind has achieved significant compliance with the Corporate Governance Principles published by the Capital Markets Board.

Corporate Governance Rating Score

Main Headings	Weight	Score (out of 100)
Shareholders	0,25	92,02
Public Disclosure and Transparency	0,25	98,10
Stakeholders	0,15	97,51
Board of Directors	0,35	91,08

Corporate Governance Rating Report is available on the corporate website in the “Reports” tab withing the Corporate Governance section. (https://galatawindenerji.com/media/gatjabma/galata_wind_cgc_rating_report_20122023.pdf)

Galata Wind strives to fully comply with the mandatory principles and aims to implement the non-mandatory principles in the times to come.

There has been no conflict of interest in terms of both the principles that have been implemented and not

implemented yet. The principles that have yet to be implemented are summarized below. While the Articles of Association do not have specific provisions or practices yet, the provisions of the Turkish Commercial Code, Capital Markets Law, and applicable legislation are followed.

General Assembly Meetings, as stated in the call to meeting, are open to the public, including the stakeholders and the media without speaking rights; however these stipulations are not included in the Articles of Association.

The Company tries its utmost to enable the minority rights to be exercised. The Articles of Association do not include a provision about granting minority rights to those holding less than one twentieth of the capital, which is a condition specified in the Corporate Governance Principles.

In the public offering process, the Company has re-designated the Board of Directors to assure a clear separation of powers between the Chairman and the Chief Executive Officer/General Manager; however, the Articles of Association do not include a specific provision on this separation. Following the Ordinary General Assembly Meeting, the Internal Directive on Governance and Representation Principles and Procedures will be amended to reflect the actual duties of Chief Executive Officer/General Manager and the Chairman as separate roles.

At the Ordinary General Assembly on 23.03.2022, one (1) female member was elected to the Board of Directors, bringing the female membership ratio in the Board to 15%. However, a policy addressing the number of women on the Board of Directors has yet to be introduced. On the other hand, the Company has partially complied with principle 4.5.5, which calls for Independent Members to serve on all committees.

Regarding principle 4.6.5, remuneration (attendance fee) of the Board members Membership determined by the General Assembly are included in the annual report. The Company management considers the benefits provided to the executive directors and senior management as a trade secret in terms of competition; therefore, the benefits (including the attendance fees determined by the General Assembly) provided to the Board members and senior management are disclosed as a total amount in the Annual Report.

Pursuant to the Capital Markets Board resolution no. 2/49 dated 10.01.2019, the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) can be found in the Company's page under the Corporate Governance tab on the Public Disclosure Platform. (<https://www.kap.org.tr/en/sirket-bilgileri/ozet/4969-galata-wind-enerji-a-s>)

Stakeholders

Stakeholders are individuals, organizations or interest groups that are related with the Company's achievement of its goals or activities, and include employees, creditors, clients, suppliers, and non-governmental organizations. The Company protects stakeholder rights, which are regulated by legislation and mutual agreements, in its transactions and activities. In the event that the rights of the stakeholders are not protected by applicable legislation and mutual agreements, those rights are protected in good faith within the means of the Company.

In 2022, Galata Wind conducted a comprehensive analysis to identify key stakeholder groups for its prospective Strategic Sustainability Management model. As a result of the study based on the methodology of AA1000SES, the internationally recognized stakeholder engagement standard, the key stakeholders of Galata Wind were determined as: Shareholders and Investors, Suppliers, Customers, Employees, Opinion Leaders, Industry Organizations, State Institutions, International Organizations, and Local Community.

Galata Wind manages and organizes engagement platforms to communicate with its key stakeholders through multiple channels. The structure of these engagement platforms is evaluated and reviewed for efficiency and various tools are used regularly to improve efficiency. The principle of "transparency" that underpins our sustainability strategy applied to all stakeholders of the Company and work is underway to further improve response levels.

Supporting Stakeholder Participation in the Company Management

The Company takes utmost care to implement channels to facilitate stakeholders' participation in management. In line with the Corporate Governance Principles Outline, Continuous enhancements and best practices are considered. Galata Wind's Disclosure Policy lays out the principles of written and verbal communication between the employees, affiliates and subsidiaries, consultants, official authorities, customers, suppliers, creditors, investors, trade unions, various non-governmental organizations, potential investors, and analysts (collectively "stakeholders") and the shareholders.

Shareholders: The participation of shareholders and the protection of their rights are regulated within the framework of applicable laws and regulations. Furthermore, shareholders without management control participate in management via General Assemblies.

Employees: Galata Wind aims to be an employer whose employees are happy and proud to be a part of such an organization. Employee participation is a key part of the corporate culture and the Company strives to provide work environment conducive to personal and professional improvement. In 2022, Galata Wind partnered with Sabancı University to offer education programs for general manager, assistant general manager/director, and manager levels. The content and levels of the programs were determined according to the career development planning in agreement with the Human Resources department and the employees working in these positions. The Company offers various development and training opportunities, rewards high performance, and provides appropriate and constructive feedback to underperformers. There are online platforms in place to facilitate efficient submission of requests, suggestions and opinions. Galata Wind recognizes that building a feedback culture where the



employee performance review system is based on positive, transparent, open and constructive communication is key for creating a learning and developing organization. In line with this approach, a 180-degree feedback system was implemented in 2022 that enables the employees to give feedback to their superiors regarding some of their competencies. The company is working to introduce a 360-degree performance review system later on. Galata Wind values the feedback of its employees and even though no employee representative is present on the Board of Directors yet, an employee representative has been named to periodically collect information and present it to the CEO and/or CFO.

Customers: In line with the Company’s vision, mission and values, ensuring customer satisfaction and meeting legal requirements always remain a priority. The Company has introduced a “Customer Satisfaction Policy” that lays out the rules and procedures to meet customer requests, suggestions and complaints in a manner that befits its respected, strong and trusted identity and to elevate quality standards to an even higher level to provide better services while maintaining its position as an industry leader. In line with this philosophy, the Company has obtained ISO 10002:2018 certification.

Outsourced Services (Suppliers and Contractors): The Company’s policies also apply to all vendors, service providers, and business partners, who are among the key stakeholders of Galata Wind. Business relations with third parties, managed with a responsible supply chain management approach, are evaluated in terms of the Company’s sustainability vision. Galata Wind’s work on sustainable supply chain management will be expanded to include ethical processes and will be shared with the public in 2023. The Company’s field of operation requires adherence to strict occupational health and safety measures, both for its own employees and also those of the suppliers and contractors. Therefore, the ISO 45001:2018 standard is reinforced with outsourced services and internal control and audit mechanisms. Galata Wind’s sustainable supply chain management efforts will be expanded to include ethical processes and disclosed to the public in 2023.

Board Committees and the Board of Directors’ Review

Board of Directors’ Function

The Board of Directors is the governing body of the company and its primary goal is to provide leadership to the company and deliver shareholder value over the long term. To keep the company’s risks, growth and returns at optimal levels and in balance, the Board of Directors meets at regular intervals and introduces policies for oversight and management, The company’s vision and mission as well as its strategic decisions help the Board of Directors manage and represent the company through rational and prudent risk management to create long-term benefit. The Board of Directors also monitors the compliance of the company’s operations and activities with legislation, the Articles of Association, internal regulations and policies, supports the decisions on the human resource and financial resources that the company would need, and oversees the performance of executive management.

Board of Directors’ Working Principles

The Board of Directors conducts its activities with transparency, accountability, fairness and responsibility. The company has established a governance structure that enables the Board to focus on the key responsibility areas, which affect the long-term success of the business. Since effective communication with shareholders is a key component of the working principles, the Board of Directors works in close cooperation with the Investor Relations Department. Continuous and effective collaboration with executives is necessary for the Board of Directors to fulfil its duties and responsibilities; therefore, such executives may be asked to be present in the Board meetings when needed. Articles 9, 10, 12 and 23 of the Articles of Association also address the duties and working principles of the Board of Directors.

Some of the topics covered by working principles and procedures of the Board of Directors include the following:

- Structure, duties and responsibilities of the Board of Directors
- Call to meeting procedures, meeting preparation processes, frequency of meetings
- Timing of the information and documents to be shared about the agenda items
- The members’ voting rights
- Obligation to share information among the Board members and the duty of the executives to inform the Board
- Distribution of duties within the Board and the committees

- The power to represent the company
- Structure and formation of mandatory and additional committees and other topics

Structure of the Board

The company’s Board of Directors is comprised of six directors, including one (1) chairman, one (1) vice chairman and four (4) members. The Articles of Association stipulates that the Board of Directors may consist of at least six (6) and at most twelve (12) members. Accordingly, the Board has sufficient directors for efficient and constructive functioning of the committees. The Board of Directors has one (1) executive and five (5) non-executives, two (2) of which are independent members. As such, the requirements of the Corporate Governance Principles have been met. The independence declarations of the independent directors, stating their independence within the framework of the applicable legislation, Articles of Association and the criteria specified in the Principles, have been submitted to the Board of Directors. Currently, there is one (1) female director serving on the Board.

The company strives to comply with the provisions in Chapter IV of the CMB Corporate Governance Principles to ensure that the election of the Board members is carried out in accordance with the applicable provisions of the Turkish Commercial Code.

As announced on the public disclosure platform, at the extraordinary General Assembly on March 23, 2022, Çağlar Göğüş, Bora Yalınay, Burak Kuyan, Neslihan Sadıkoğlu, Hüseyin Faik Açıkalın and Ozan Korkmaz were elected to the Board of Directors of the company for a term of one (1) year. Çağlar Göğüş was appointed as chairman and Bora Yalınay as vice chairman.

The résumés of the Directors are provided in the Annual Report titled “Management Report” and on the corporate website under the Corporate Governance section in the “Board of Directors” tab.

Board Members’ Individual Experience

All Board Members bring their experience in senior leadership roles and corporate governance as well as strategic thinking, communication and teamwork skills to the meetings. The table below summarizes each Board member’s individual knowledge and experience, which are key traits for overseeing Galata Wind’s activities.

	 Çağlar Göğüş Chairman	 Bora Yalınay Vice Chairman	 Burak Kuyan Member	 Neslihan Sadıkoğlu Member	 Hüseyin Faik Açıkalın Ind. Member	 Ozan Korkmaz Ind. Member
Committee Chair	Investment				Audit, Early Detection of Risk, Sustainability	Corporate Governance
Tenure Commenced	2019	2021	2012	2021	2021	2021
Financial Expertise	●	●	●	●	●	●
Industry Experience			●			●
International Expertise	●	●			●	
Technology/Digital Media	●			●		●
Sustainability	●	●	●	●	●	●
Overall Experience (in years)	26	25	20	23	35	15

Meeting Procedures of the Board of Directors

The meeting procedures of the Board of Directors are defined in Article 12 of the Articles of Association. The Board of Directors meets as frequently as needed to effectively carry out its duties. The Board of Directors convenes with the absolute majority of its members and passes resolutions with the majority of the votes by members in attendance. Information and documents about the agenda topics are delivered to the Board members reasonably ahead of the meeting date to ensure an equal flow of information. As a rule, the Board meetings are held at the company's headquarters. However, the Board of Directors may resolve to hold a meeting at another location in city where it is headquartered or in another city.

In 2022, the Board of Directors convened 51 times, 50 of which were attended by all Board members. If the members who are unable to attend the meeting provide their opinions in writing, there are communicated to the other members. The resolutions of the Board of Directors are signed and recorded. The members who cast "nay" votes are required to sign the minutes and provide the reasons for their votes. The company's operational results, performance indicators as well as financial, operational and sustainability targets are monitored regularly by the Board of Directors. Each Board member has the right to one vote and no member has veto rights. The Board meetings are held in compliance with the legislation and the applicable provisions of the Articles of Association.

Attendance ratios of the Board meetings in 2022:

Çağlar Göğüş	100%
Bora Yalınay	100%
Burak Kuyan	100%
Neslihan Sadıkoğlu	98%
Hüseyin Faik Açıkalın	100%
Ozan Korkmaz	100%

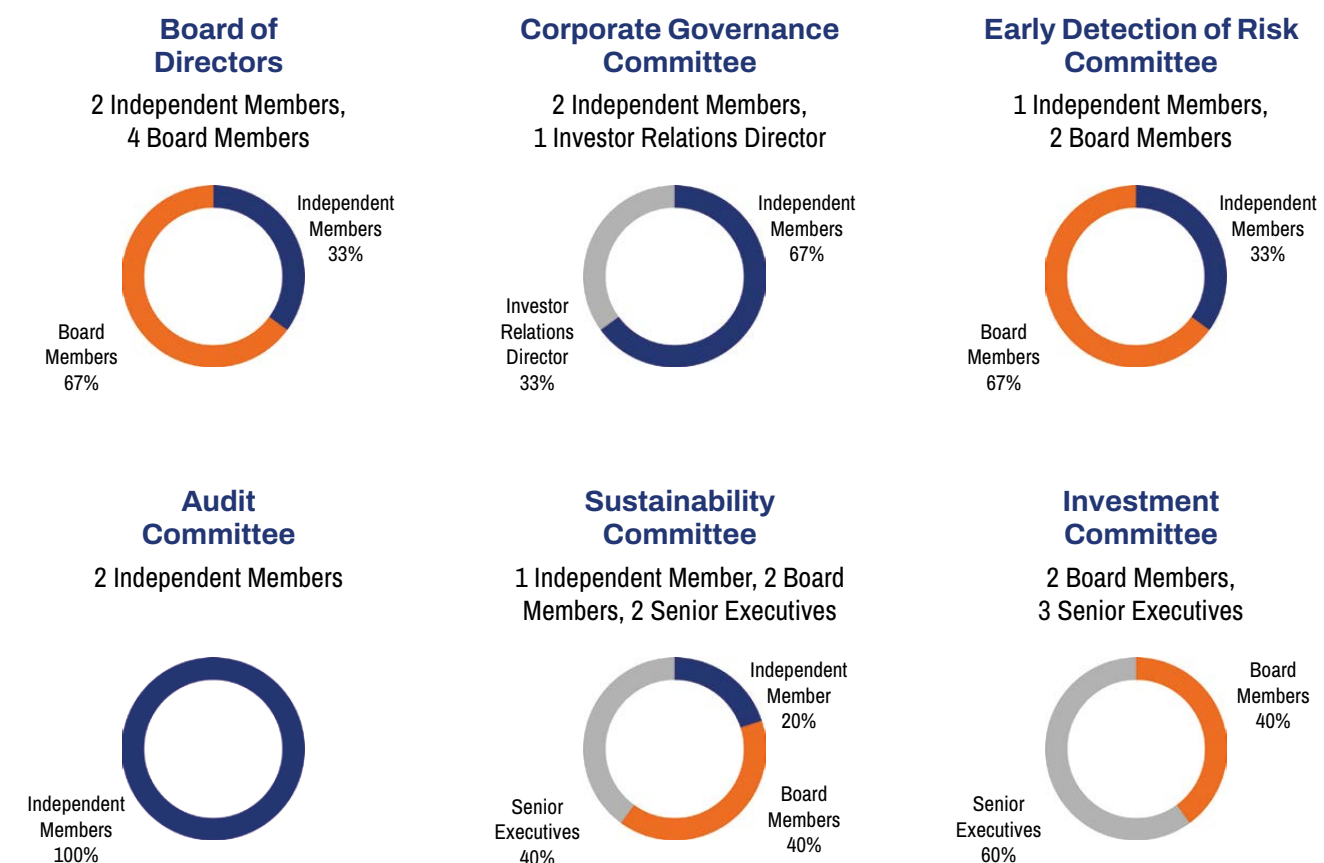
Board Committees

The Board of Directors has formed the Audit, Corporate Governance, and Early Detection of Risk Committees to fulfill the duties and responsibilities specified in the CMB Corporate Governance Principles in a health manner. In the absence of a separate Nomination and Remuneration Committee, the Corporate Governance Committee is tasked with the relevant duties.

Each committee is composed of at least two members, with the majority being non-executive members of the Board. All members of the Audit committee are independent board members. The Head of the Corporate Governance and the Early Risk Detection Committee is an independent Board member while the Chairman and the CEO do not serve on any of these three committees. Except for the Audit Committee, the other committees may have experts as members.

The duties, responsibilities and working principles of all committees are defined in the respective committee's bylaws, which are all approved by the Board of Directors. The Board of Directors supports each committee in fulfilling its duties by providing the needed resources. Depending on topics discussed, committees may invite independent experts, consultants and related executives to the meetings to obtain their views on operations. Information on the committee members and the committees' working principles are made available on the Public Disclosure Platform and the corporate website.

In addition to the mandatory committees, the Sustainability Committee and the Investment Committee were established in 2022. The members of these committees and their working principles were disclosed in the PDP notification dated 26.08.2022 and published on the corporate website..



Audit Committee

Hüseyin Faik Açıklalın (Head of Committee – Independent Board Member) /
Ozan Korkmaz (Independent Board Member)

The Audit committee is responsible for assisting the Board of Directors in overseeing the company’s accounting system, public disclosure of financial information, independent auditing, and the operation and effectiveness of the company’s internal control and internal audit system. The committee reviews and evaluates the systems and processes developed by the company regarding compliance with laws and regulations in these areas and offers recommendations to the Board of Directors.

The Audit committee consists of Independent Board members, as required by the CMB Corporate Governance Principles, and acts in accordance with the Audit Committee Bylaws approved by the Board of Directors. At least one of the members has a 5-year experience in audit/accounting and finance. All changes to the committee members, number of members and terms of office are made with the decision of the Board of Directors. The term of the committee is parallel to the term of the Board of Directors.

The Audit Committee convenes at least four (4) times a year and at least once in every three (3) months, and reports the meeting results to the Board of Directors. To the extent possible, the Committee meeting regarding the acceptance of the financial report is schedules for at the latest one business day before the financial report is disclosed to the public.

In addition to public disclosure of financial information and regular monitoring of independent auditing activities, the Audit Committee also reports its findings as a result of its own duties and responsibilities and evaluations to the Board of Directors.

The Audit Committee advises the Board of Directors through written evaluations with regard to the veracity and accuracy of the annual and interim financial statements to be disclosed to the public and accounting principles followed by the company, supported by the opinions of the responsible executives and independent auditors of the company.

In 2022, the Audit Committee convened eight (8) times. In four (4) meetings, the committee members were briefed about internal control and risk management processes and the decisions reached were recorded in the committee meeting resolutions. In the other four (4) meetings, in accordance with assessments of whether the assumptions based on the determination of the IPO price have been realized as stated in Article 29/5 of the Capital Market Board’s Share Communiqué No. VII/128.1, the committee members prepared and accepted the realization and evaluation report on the assumptions based on the determination of the IPO price.

Corporate Governance Committee

Ozan Korkmaz (Head of Committee – Independent Board Member) / Hüseyin Faik Açıklalın (Independent Board Member) /
Halide Müge Yücel (Investor Relations and Sustainability Director)

The Committee is responsible for the Company’s compliance with corporate governance and sustainability principles, nominating the Board members and senior executives, remuneration, reward and performance evaluation, and career planning. The Committee also assists the Board of Directors in matters of investor relations and public disclosure. The Committee reviews and evaluates the existing and prospective systems and processes of the company, and submits recommendations to the Board of Directors regarding the implementation of management practices to enhance the company’s performance.

The Corporate Governance Committee determines whether the corporate governance and sustainability principles are implemented in the Company, and the reasons if not, noting the conflicts of interest arising from non-compliance or partial compliance with these principles. The Committee submits recommendations to the Board of Directors to improve corporate governance and sustainability practices and oversees the work of the Investor Relations Department. The Committee monitors whether the importance and benefits of having best governance practices is communicated to the employees by the management and whether an efficient and effective “corporate governance culture” is established within the organization. Furthermore, the Committee makes recommendations to the Board regarding the healthy functioning of the infrastructure for governance and sustainability practices to improve the performance of the Company and its subsidiaries, how they are perceived and adopted by the employees and how they could be supported by the management. The Committee also investigates the materially significant complaints received by the company regarding management issues, ensures that they are resolved and that the notifications of the employees on these issues are communicated to the management in confidence.

The committee currently fulfills the duties and responsibilities of the “Nomination Committee” and “Remuneration Committee.” Accordingly, the Committee works on identifying suitable candidates for the Board of Directors and senior management, establishing a transparent system regarding remuneration policies, and developing the relevant policies and strategies. The committee also carries out activities to determine approaches, principles and practices regarding performance evaluation, remuneration and rewarding policy, and career planning for Board members and senior executives. The Committee develops recommendations on the number of board members and managers. When needed, the Committee seeks the opinions and suggestions of the Human Resources department. It regularly reviews the structure and productivity of the Board and offers advice on possible amendments.

The Committee prepares the Annual Report, Corporate Governance Report, and Sustainability Report, etc. to be disclosed to the public. The Committee also monitors the accurate, complete and timely preparation of information and documents as required by the Capital Markets Legislation, and reviews whether the information contained therein is accurate and consistent. Furthermore, the Committee oversees whether the public disclosures are made in accordance with the Company’s Disclosure Policy as well as laws and regulations.

The Committee is comprised of three (3) members, including the Head of Committee who is an independent board member. Together with the Committee Head, two (2) members are non-executive Board members, and the third is the Investor Relations Director, appointed according to the Corporate Governance Communiqué No II-17.1.

When the Corporate Governance Committee consists of two members, both members should be non-executive, whereas if there are more than two members, then the majority of the members should be non-executive. Currently, the Committee complies with the Corporate Governance Principles in terms of its formation. The committee convenes at least four (4) times a year and at least once every three (3) months, and reports the meeting results to the Board of Directors. In 2022, the Committee convened four (4) times and regularly informed the Board of Directors about its findings and decisions. The Investor Relations Department informs the Committee of its activities at each meeting and passes on investor feedback. In this context, the department made two presentations to the Board of Directors in 2022.

The Committee also communicated its remarks to the Board of Directors on whether there is a plan to make changes in the management practices of the Company in accordance with the Corporate Governance Principles. In its reporting, the Committee has requested that the best corporate governance practices worldwide are studied and their feasibility for the company is investigated. However, no changes to the corporate governance structure are anticipated for the foreseeable future.

Attendance ratios of the Corporate Governance Committee meetings in 2022:

Ozan Korkmaz	100%
Hüseyin Faik Açıklalın	100%
Halide Müge Yücel	100%

Early Detection of Risk Committee

Hüseyin Faik Açıkalin (Head of Committee – Independent Board Member) / Bora Yalınay (Vice Chairman) / Neslihan Sadıkoğlu (Board Member)

The Early Detection of Risk Committee is responsible for the early detection of risks that may endanger the existence, development and continuity of the Company, implementation of the necessary measures to mitigate the identified risks, and carrying out activities to manage the risks. Based on the risk management strategies and in line with the views of the Board of Directors, the Committee designs effective internal control systems to determine, implement and comply with risk management policies, implementation methods and systems. In addition to designing and monitoring the implementation of necessary measures and actions regarding the identified risks, and monitoring risk management practices across the organization to identify and manage risks effectively, the Committee may also seek information, opinions and reports from the relevant units when needed to fulfill the risk monitoring function effectively. The Early Risk Detection Committee reviews and evaluates the risk management system at least once a year.

The Committee convenes every two (2) months before the Board meetings. The Committee may convene as needed to ensure the effectiveness of its work. All the activities of the Committee is recorded in the minutes, signed by the committee members and archived. The Head of the Committee submits a written report to the Board of Directors on the activities of the Committee after the meeting and notifies the Board members and the auditor in writing on the summary of the committee meeting.

The Early Detection of Risk Committee consists of three (3) members, with the Head of Committee an independent board member. In 2022, the Committee convened six (6) times and submitted its risk assessment reports to the Board of Directors.

Attendance ratios of the Early Risk Detection Committee meetings in 2022:

Hüseyin Faik Açıkalin	100%
Bora Yalınay	100%
Neslihan Sadıkoğlu	100%

Sustainability Committee

Hüseyin Faik Açıkalin (Head of Committee - Independent Board Member) / Neslihan Sadıkoğlu (Board Member - Sustainability) / Bora Yalınay (Vice Chairman) / Halide Müge Yücel (Investor Relations and Sustainability Director) / Mehmet Ali Gürpınar (Executive Board Member, COO)

The duties and working principles of the Sustainability Committee, which was established in April 2022 under the Board of Directors, were determined on 26.08.2022, and a resolution was passed to reshape the Sustainability Committee in accordance with the defined duties and working principles.

Pursuant to the Capital Markets Board regulations, the Company determines its overall strategy, targets and plans while also considering, monitoring and evaluating sustainability issues. The Sustainability Committee is responsible for monitoring, evaluating, and providing guidance when needed regarding how the sustainability and ESG topics, risk factors, and industry or investor expectations are considered in the Company's policies, procedures and practices.

The Committee, together with the Corporate Governance Committee, reviews and approves how the Company's non-financial reporting complies with applicable laws and regulations, stakeholder expectations, and strategies and policies related to sustainability and ESG topics. The Committee also monitors and approves all documents and disclosures made by the Company regarding ESG topics, Sustainability Reports, integrated reports, Corporate Governance Compliance Reports. Furthermore, the Committee monitors and reviews the initiatives launched to reduce and manage the Company's environmental impact. The Committee monitors the measures or initiatives implemented to prevent, mitigate and manage ESG related risks. It also points out the issues that may have a significant negative impact on the company or a negative impact on the stakeholders, and directs them to the relevant units. The Committee also monitors whether precautions are implemented and the necessary systems are established.

Auditors monitor the results of all inspections and audit conducted by external organizations such as public institutions and rating agencies regarding the ESG and sustainability performance of the Company and brief the Board of Directors on these issues. The Committee's duties include monitoring the Company's performance, targets and action plans regarding human resources policies, employee participation and well-being, career development, training, occupational health and safety, equality and diversity, informing the relevant departments to ensure that they meet ESG expectations, and monitoring the relevant managers.

The Sustainability Committee monitors the Company's partnerships with social startups and volunteering platforms, commitments and social approval mechanisms while guiding the Company's focus toward the material sustainability aspects. Coordinating with other Board Committees on all ESG and sustainability issues, such as establishing and running non-financial risk management mechanisms, compliance processes with the Code of Ethics and business ethics, managing the sustainability risks in sourcing and supplier relations, and providing guidance to the departments are among the Committee's duties. The Committee regularly monitors the material ESG topics such as identifying the material issues of the company's key stakeholders in line with global standards and offers its opinion on the processes that may need to be renewed. The Committee also manages and monitors processes such as drafting and implementing Company's stakeholder engagement strategies and tracks targets.

The Committee consists of five (5) members, including the Committee Head, who is an independent Board member. Including the Committee Head, three (3) members are non-executive Board Members, while one of the other two (2) is the Executive Board Member- Business Development and Project Operations, and the other is the Investor Relations and Sustainability Director. The Committee convenes at least four (4) times a year. However, since the committee was restructured within the year, it only convened once (1) in 2022.

Attendance ratios of the Sustainability Committee meetings in 2022:

Hüseyin Faik Açıkalin	100%
Neslihan Sadıkoğlu	100%
Bora Yalınay	100%
Halide Müge Yücel	100%
Mehmet Ali Gürpınar	100%

Investment Committee

Çağlar Göğüş (Head of Committee – Chairman) / Bora Yalınay (Vice Chairman) / Burak Kuyan (Executive Board Member, CEO) / Zeki Onur Aytekin (Executive Board Member, CFO) / Mehmet Ali Gürpınar (Executive Board Member, COO)

The objective of the Investment Committee is to ensure that the processes are managed correctly and in accordance with the corporate strategies when making investment decisions, investment policies are introduced, the Company’s ESG risks are anticipated, necessary risk analyses are submitted to the Board of Directors, and the investments are monitored. The Committee is responsible for submitting its views and recommendations to the Board of Directors by seeking the opinions of other Board Committees (Corporate Governance, Sustainability, Early Risk Detection Committees, etc.) that may influence the investment decisions..

The Committee works with the senior management to develop an investment strategy and policy commensurate with the risks the Company is exposed to due to the nature of its operations and activities and submits its recommendations. The Committee is responsible for regularly reviewing the Company’s investment strategy and policy, ensuring compliance with the changes in the Company’s field of operation, regulations governing the strategic corporate goals, the mandatory standards and codes, and stakeholder expectations, and for making sure that the investments are consistent with such changes. The Committee also offers recommendations to the Board when amendments to the Investment Policy are needed. Furthermore, the Committee oversees the Company’s investment activities and ensures that the necessary processes are in place to measure and assess investment performance.

While the Investment Committee is not part of mandatory committees, it is still one of the permanent Board committees. Even though the Committee performs its duties solely on behalf of the Board of Directors, the investment decisions are passed by the Board. The Chairman is the head of the Investment Committee, which consists of five (5) members. The committee has two (2) non-executive members while the others are executive directors. The Committee convenes at least four (4) times a year. However, since it was established in 2022, the Committee only convened two (2) times within the year.

Attendance ratios of the Investment Committee meetings in 2022:

Çağlar Göğüş	100%
Bora Yalınay	100%
Burak Kuyan	100%
Zeki Onur Aytekin	100%
Mehmet Ali Gürpınar	100%

Performance Evaluation of the Board of Directors

As determined at the General Assembly, each Board member serves for a term. Given that the Company has adopted a fair and transparent working culture, the performance evaluation of the Board of Directors is conducted in the form of a self-assessment survey at the end of its term. In the self-assessment process, the structure and processes of the Board of Directors are evaluated by each member. This assessment model addresses the primary duties and responsibilities of the Board of Directors as a whole. The mechanism employed for this purpose makes it possible to assess how the Board of Directors performed during the year and offers a scale to identify the development areas. As the company’s Performance Management System evolves into a 360-degree system, the self-assessment survey will also be improved. As part of these efforts, there are plans to have the Board members evaluated by senior executives.

Financial Benefits Provided to the Board of Directors and Executives with Administrative Responsibilities

Information pertaining to the remuneration of the Board members and senior executives may be found in the General Information section under “Remuneration.”

Declaration of Independance

DECLARATION OF INDEPENDENCE

GALATA WİND ENERJİ A.Ş.
To the Board of Directors,

As an independent director candidate nominated to serve on the Board of Directors of Galata Wind Enerji A.Ş, I hereby declare that I fulfill the conditions of “independent board membership” determined by the Capital Markets Board’s Corporate Governance Communiqué No. II-17.1, the Principles of the Capital Markets Board as well as other regulations and your Company’s Articles of Association; and that if I am elected, I will immediately inform the Chairman the Board of Directors as soon as I learn that I no longer meet the independence criteria; and that I will resign if deemed necessary by the resolution of the Board of Directors.

Sincerely,

HÜSEYİN FAİK AÇIKALIN
(Signature on the original)

DECLARATION OF INDEPENDENCE

GALATA WİND ENERJİ A.Ş.
To the Board of Directors,

As an independent director candidate nominated to serve on the Board of Directors of Galata Wind Enerji A.Ş, I hereby declare that I fulfill the conditions of “independent board membership” determined by the Capital Markets Board’s Corporate Governance Communiqué No. II-17.1, the Principles of the Capital Markets Board as well as other regulations and your Company’s Articles of Association; and that if I am elected, I will immediately inform the Chairman the Board of Directors as soon as I learn that I no longer meet the independence criteria; and that I will resign if deemed necessary by the resolution of the Board of Directors.
Saygılarımla,

OZAN KORKMAZ
(Signature on the original)



General Information

The Annual Report covers the period from 1 January 2022
to 31 December 2022.

General Information on the Company

Company Title:	Galata Wind Enerji Anonim Şirketi
Company Address:	Burhaniye Mahallesi, Kısıklı Caddesi No: 65, 34676 Üsküdar/İstanbul
Phone:	(0216) 556 9000
Fax:	(0216) 556 9327
Corporate Website:	www.galatawindenerji.com
E-mail:	ir@galatawind.com.tr
Founded on:	11.04.2006
Trade Registry No:	648259 – 0
MERSİS No:	0-3880-6730-9700012
Tax Administration:	Üsküdar Tax Administration
Tax Number:	3880673097
Paid-in Capital:	534,791,457.65 TL
Registered Capital Ceiling:	1,000,000,000 TL
Traded Stock Market:	Borsa İstanbul Anonim Şirketi (BIST)
BIST Ticker Symbol:	GWIND
Initial Public Offering Date:	22.04.2021

Managing Body, Senior Executives and Employees

In 2022, the Company employed 51 employees on average. (31 December 2021: 50) The company has 8 blue, 17 grey and 26 white collar employees. (31 December 2021: 9 blue, 16 grey, 25 white)

Information on Board of Directors

Name and Surname	Position	Starting Date	Term (years)	Executive (E)/ Non-executive (NE)	Positions Held Outside of the Group
Çağlar Göğüş	Chairman	23.03.2022	1	Non-Executive	Doğan Holding Chief Executive Officer, Board duties within and outside the Group Companies
Bora Yalınay	Vice Chairman	23.03.2022	1	Non-Executive	Doğan Holding Chief Financial Officer, Doğan Holding Subsidiaries Board Member
Burak Kuyan	Board Member, Executive Director	23.03.2022	1	Executive	Galata Wind Chief Executive Officer, Board duties in Doğan Group Companies and Subsidiaries
Neslihan Sadıkoğlu	Board Member	23.03.2022	1	Non-Executive	Doğan Holding Corporate Communications and Sustainability Vice President
Hüseyin Faik Açıkalın	Independent Board Member; Head of Audit Committee; Head of Early Detection of Risk Committee; Head of Sustainability Committee	23.03.2022	1	Non-Executive	Board duties outside of Group Companies; Doğan Holding A.Ş., Migros Turk A.Ş., Karsu Tekstil A.Ş., Global Investment Holding A.Ş.
Ozan Korkmaz	Independent Board Member; Head of Corporate Governance Committee	23.03.2022	1	Non-Executive	Board duties outside of Group Companies: APLUS, SmartPulse Teknoloji, Sayax

Employees with Senior Management Duties

Name and Surname	Position	Education
Burak Kuyan	Chief Executive Officer and Executive Director	MBA; Finance PhD Candidate
Zeki Onur Aytekin	Chief Financial Officer; Investment Committee Member	Economics, MBA
Özlen Ertuğrul Cendere	Chief Legal Officer	LLM
Mehmet Ali Gürpınar	Chief Operations Officer; Sustainability Committee Member; Investment Committee Member	MS.E (Sustainable Energy); MS.E (Wind)
Halide Müge Yücel	Investor Relations and Sustainability Director; Corporate Governance Committee Member, Sustainability Committee Member	MS Finance; MS Management

Remuneration

Galata Wind sets and periodically revises its remuneration policy in accordance with the results of the performance evaluation system and current market trends. Galata Wind applies a compensation system based on the job description and not on the person, taking into account the philosophy of “equal pay for equal work” in order to maintain the internal balance of the company. Annual wage increases for employees are reflected in wages during periods deemed necessary by the employer with management approval. All employees benefit from benefit packages offered according to their level of employment.

The Company’s Annual General Meeting decides each year on the remuneration, rights and benefits of the members of the Board of Directors. Executive members of the Board of Directors may receive a monthly salary and related benefits, in addition to the “attendance” they receive along with the other members of the Board of Directors, depending on their duties in the Company. In addition, officers and other employees who have a say in the management of the Company may be entitled to an additional “bonus” or “award” based on their performance. In the footnotes to the consolidated financial statements for the interim period ended December 31, 2021, this is disclosed in Note 23 under the heading Payments to key management personnel.

Research & Development Activities

The Company has not carried out any research & development activities in 2022.

Information on the Use of the Incentives

In 2022, the Company received an investment incentive certificate for the Taşpınar Hybrid SPP project in the total amount of TRY 562,809.083.

Investments

The company invested TRY 109.8 million in fixed assets in 2022, including power plant investments, carbon credit certificate investments, IT equipment, software updates and fixture acquisition costs.

Information on Related Party Transactions, Direct and Indirect Subsidiaries and Share Ratios

Detailed information about the transactions performed during the year pertaining to the Company’s Related Parties is provided in the footnotes of the consolidated financial statements for the year ending on 31 December 2021 in “Note 23: Related Party Disclosures.”

Company Title	Area of Operations	Paid-in / Issued Capital (Unit)	Company's Share in Capital	Currency	Company's Share in Capital (%)	Relation to Company
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş.	Installation of a system for the generation of energy from solar radiation	2,000,000	2,000,000	TRY	100	Subsidiary
Gökova Elektrik Üretim ve Ticaret A.Ş.	Construction, commissioning, leasing of facilities for the generation of electrical energy, generation of electrical energy, sale of generated electrical energy and/or capacity to customers	8,000,000	8,000,000	TRY	100	Subsidiary

Information on the Company’s Share Buy-Back Policy and Program

In the event of a resolution of the Board of Directors of Galata Wind to buy back its shares or accept them as a

pledge, the Company will ensure that all necessary public disclosures and announcements are made pursuant to “Communiqué No: II-22.1 on Share BuyBacks” published in the Official Gazette No. 28871 on 3 January 2014.

Legal Information

Information on Private and Public Audits within the Fiscal Period

Galata Wind Enerji was not subjected to any private or public audit during the fiscal period.

Information on the Legal Actions Brought Against the Company, Actions that may Affect the Company’s Financial State and Operations, and their Possible Consequences

Any legal actions brought against the company and the provisions set aside for these legal actions are determined according to the nature of the actions. Information to such provisions can be found in our consolidated financials and the pertaining notes ended on 31 December 2021 under Note 11 – Provisions, Contingent Assets & Liabilities.

As of 31 December 2022, the lawsuits filed against the Group amount to 1.2 million Turkish Liras. (31 December 2021: 616 thousand Turkish Lira).

Information on the Administrative and Judicial Sanctions Imposed on the Company and its Managing Body due to Noncompliance with Legislative Provisions

On January 5, 2022, the company received a notice from EMRA claiming that Mersin WPP and Şah WPP had exceeded the electrical output, and it was decided to recover the total cost of RES by EPİAŞ. A lawsuit was filed against these decisions in due time before the Ankara Administrative Court in order to obtain the cancelation of the administrative procedures. As a result of the lawsuit, the decisions of the Board on the collection of the total costs of RES by EPİAŞ were declared null and void by the Ankara Administrative Court.

Apart from the above-mentioned resolutions of the Board decisions, no administrative or judicial sanctions were imposed on the Company and the members of the management body for unlawful practices during the reporting period.

Information on Materially Significant Asset Acquisitions or Sales

Information on asset acquisitions or sales is provided in the footnotes of the consolidated financial statements

of the years ending on December 31, 2021 under “Note 8- Property, Plant and Equipment” and “Note 9- Intangible Assets.”

Information on Possible Conflicts of Interest with Service Providers

During the reporting period, there were no conflicts of interest between the Company and other firms that provide investment consultancy, rating and other services. Diligent efforts are made to prevent conflicts of interest via agreements and in-house activities in line with the Company’s Code of Ethics.

Information on Some Legislative Changes that may Materially Affect the Company’s Operations

“Procedures and Principles for Determining and Implementing the Support Fee on the Basis of Resource” was first established by the Decision of the Board of EMRA dated March 17, 2022, numbered 10866, published in the Official Gazette dated March 18, 2022, numbered 31782. The legislation states that the purpose of the procedures and principles is to determine the support price in the context of security of supply and/or consumer protection due to unreasonable increases in the differences between commodity prices and/or resource costs incorporated in the generation of electricity in national or international markets.

By the decision of the EMRA Board dated 29.03.2022, number 10888, the procedures and principles, as well as the maximum settlement price for other resources (renewable energy) for a period of 6 months were set at 1,200 TL/MWh.

With the decision of the EMRA Board dated 29.09.2022, number 11270, the maximum settlement price for other resources (renewable energy) was updated to 1,540 TL/MWh. The period for implementation of procedures and principles was extended by 6 months.

“Regulation Amending the Regulation on Storage Activities in the Electricity Market,” which was published in the Official Gazette on November 19, 2022, numbered 32018. According to this regulation, it is now possible to establish new licensed or unlicensed storage facilities for electricity generation and to add storage facilities to existing power plants. According to the regulation, it is possible to

increase the capacity of wind or solar power plants up to the capacity of the storage facility to be built.

Information on Attaining Targets Set in the Previous Terms and Fulfilling General Assembly Resolutions

During the period, there were no targets that the Company did not attain, nor any General Assembly resolutions left unfulfilled by the Company. Detailed information about the Company’s overview of 2022 can be found in the sub-heading “Management Discussion and Analysis” in the Management Report section.

Information on whether the Company Plans to Change Corporate Governance Practices in the Future Under the Corporate Governance Principles

Not available.

Information on the Extraordinary General Assembly

No Extraordinary General Assembly was held in 2022.

Donations and Aids

No changes were made to Galata Wind’s Donation and Aids Policy, which can be found on the corporate website. Donations made in 2022 are listed below:

Institution	Amount
Aydın Doğan Foundation	5,000,000
Koç University “Anatolian Scholars” Student Scholarship	437,391
Accessible Education Foundation	231,567
Ramadan Food Packet (Erzurum/Şah/Taşpınar)	55,638
Boğaziçi University Foundation	16,000
Dost Animal Protection Association	6,260
Turkish Education Foundation	650
Total	5,747,506

Following two earthquakes of magnitude 7.7 and 7.6, the epicenter of which was in Kahramanmaraş on Feb. 6, 2023, our company made donations (incl. apprx. 60 generators,

300 LED projectors, 160 heaters) worth around 2 million Turkish liras and supported joint relief efforts with Group companies of Doğan Holding.

Group of Companies

The company’s annual report and loyalty report are prepared within the provisions of the Turkish Commercial Code. Members of the Board of Directors did not have any requests within the framework of Article 199/4 of the TCC.

Any legal action taken in favor of the controlling company, a company affiliated to the controlling company, or a company affiliated to it, under the direction of the controlling company, and any measure taken or avoided in favor of the controlling company or an affiliate company in the previous operating year, or any measure that needs to be compensated. there is no transaction. Therefore, there is no damage to be compensated.

If it is a company affiliated to a group of companies; Legal transactions made with the parent company, with a company affiliated to the parent company, for the benefit of the parent company or an affiliate company under the direction of the parent company, and all other measures taken or avoided for the benefit of the parent company or a company affiliated to it in the previous operating year:

Galata Wind has no litigation with any company affiliated with the Parent Company, at the direction of the Parent Company, for the benefit of the Parent Company or any affiliate, and there are no actions taken or avoided for the benefit of the Company or its affiliate during the previous fiscal year, or any transactions requiring compensation.

If it is a company affiliated to a group of companies; According to the situation and conditions known to them at the time the above-mentioned legal action is taken or the measure is taken or avoided, whether an appropriate counter action is provided in each legal action and whether the measure taken or avoided to be taken has damaged the company, if the company has suffered a loss, whether it has been compensated:

Since Galata Wind has not taken any action, as mentioned in the above article of the report, no damage must be compensated.

Financial Situation

Operational and Financial Indicators

As of 31.12.2022, our equity is TRY 1,890,237 thousand, which is 353.5% higher than our subscribed capital of TRY 534,791 thousand. This ratio is indicative of our strong equity structure, which is backed by guarantees and assurances. It was noted that the Company’s capital is not unfunded or indebted. The Company has a strong and sound financial structure as it constantly monitors its cash and financial debt with regard to financial risk management elements such as maturity structure, interest rate risks and foreign exchange risks, and there is no need to take any action to improve the current financial structure.

The Company’s revenues, EBITDA and net profit increased by 119.8%, 134.7% and 510.8% respectively, year-on-year.

A summary of the consolidated financial information can be found on page 26 and the financial indicators on Page 27.

Dividend Distribution Proposal

The proposal of the Board of Directors pertaining to the dividend distribution dated 21.02.2023 published on the public disclosure platform will be submitted to the approval of the General Assembly. In the proposal, the Turkish Commercial Code (“TTK”), Capital Markets Legislation and Capital Markets Board (“CMB”) Regulations, Corporate Tax, Income Tax and other relevant legal legislation provisions, the relevant provisions of our Company’s Articles of Association and the Company’s Dividend Distribution Policy are taken into account. It has been unanimously decided to put to vote for the General Assembly, to distribute at the rate of 51.42% of the Paid In Capital, a gross dividend of TRY 275,000,000, a net cash profit of TRY 247,500,000 and to start the dividend distribution on 31 May 2023 at the latest. The relevant Dividend Distribution proposal is included in the annexes (Annex-5) of the Annual Report.

The nature and amount of the capital market instruments issued, if any:

The registration of the shares representing the capital of Galata Wind Enerji A.Ş. and the public offering application were approved by the Capital Markets Board on April 8, 2021, and the Company shares began to be traded on Borsa Istanbul A.Ş. as of April 22, 2021.

ANNEX 1

Statement of Responsibility on Financial Reports

GALATA WIND ENERJİ A.Ş.

BOARD OF DIRECTORS' RESOLUTION ON APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT

RESOLUTION DATE: 21.02.2023

RESOLUTION NO: 2023/03

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUÉ II-14.1 PART 2 ARTICLE 9

We have reviewed:

- the Consolidated Financial Statements of Galata Wind Enerji A.Ş.'s accounting period 01.01.2022-31.12.2022, prepared in accordance with the Capital Markets Board's ("CMB") "Communiqué on Principles of Financial Reporting in Capital Markets" No. II-14.1, the Consolidated Financial report, prepared in accordance with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, accounting and Standards Authority ("POA"), and presented in accordance with 2022 TFRS Taxonomy, developed by POA, pursuant to Statutory Decree No. 660 ("Decree") article 9 paragraph (b) and announced to the public with POA resolution dated 04.10.2022, and independently audited and including comparisons with the previous accounting period;
- the Annual Report for the accounting period of 01.01.2022- 31.12.2022, prepared in accordance with Turkish Commercial Code ("TCC"), Turkish Ministry of Commerce's ("Ministry") "Regulation on the Minimum Contents of the Annual Activity Reports of Companies" and the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" No. II-14.1, independently audited, and in compliance with the financial statements for the accounting period of 01.01.2022 – 31.12.2022; and
- the Corporate Governance Compliance Report ("CGCR"), Corporate Governance Information Note ("CGIN"), and Sustainability Principles Compliance Outline ("SIUÇ") for the accounting period 01.01.2022 – 31.12.2022, presented in the reporting format, determined by the CMB resolution no. 2/49 dated 10.01.2019 and published in the CMB's Weekly Bulletin No. 2019/02 dated 10.01.2019, and prepared in accordance with the CMB's "Corporate Governance Communiqué" No. II-17.1;

To the extent of the information we possess within the scope of our duties and responsibilities, we have ascertained that:

- the Consolidated Financial Report, Annual Report, Corporate Governance Compliance Report, Corporate Governance Information Form, and Sustainability Principles Compliance Outline do not contain any untrue statements on material events or any deficiency that may be misleading as of the date of statement; and
- the Consolidated Financial Report, prepared in accordance with the applicable Financial Reporting Standards, accurately reflect the truth relating to assets, liabilities, profits and losses and the financial status of the company, and the Annual Report fairly reflects the development and performance of the Company's operations, financial position, and the material risks and uncertainties it faces.

Hüseyin Faik AÇIKALIN
Audit Committee - Chairman
(Signature on the original)

Ozan KORMAZ
Audit Committee - Member
(Signature on the original)

Zeki Onur AYTEKİN
Chief Financial Officer - CFO
(Signature on the original)

Burak KUYAN
Executive Board Member - CEO
(Signature on the original)

Annexes

ANNEX 2

Independent Auditor's Report on the Annual Report



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Galata Wind Enerji Anonim Şirketi

1. Opinion

We have audited the annual report of Galata Wind Enerji Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 21 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

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- to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

- to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

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

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 21 February 2023

ANNEX 3

Auditor's Report on the Early Detection of Risk System and Committee



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE EARLY RISK IDENTIFICATION SYSTEM AND COMMITTEE ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Galata Wind Enerji Anonim Şirketi

1. We have audited the early risk identification system and committee established by Galata Wind Enerji Anonim Şirketi (the "Company").

Board of Directors' Responsibility

2. Pursuant to subparagraph 1 of Article 378 of Turkish Commercial Code ("TCC") No. 6102; Board of Directors is required to form an expert committee, and to run and to develop the necessary system for the purposes of early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and managing the related risks.

Auditor's responsibility

3. Our responsibility is to reach a conclusion on the early risk identification system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on Independent Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority. Those principles require us to identify whether the Company established the early risk identification system and committee or not and, if established requires us to assess whether the system and committee is operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the adequacy of the operations carried out by the management of the Company in order to manage these risks.

Information on the Early Risk Identification System and Committee

4. The Company established the early risk identification system and committee and it is comprised of 3 members. The Committee has submitted the relevant reports for the period 1 January - 31 December 2022 to the Board of Directors that had been prepared for the purpose of early identification of risks that jeopardize the existence of the Company and its development, applying necessary measures and remedies in this regard, and managing the risks.

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Conclusion

5. Based on our audit, it has been concluded that Galata Wind Enerji Anonim Şirketi's early risk identification system and committee is sufficient, in all material respects, in accordance with Article 378 of TCC.

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

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 21 February 2023

ANNEX 4

Sustainability Principles Compliance Index 2022

		STATUS OF COMPLIANCE				EXPLANATION	REPORT/LINK WHERE INFORMATION IS DISCLOSED
		Yes	No	Partial	Irrelevant		
	A. GENERAL PRINCIPALS						
	A1. Strategy, Policy and Goals						
A1.1	For these policies, a decision of the Board of Directors should be taken and made public.	●				Galata Wind conducted its first materiality analysis in 2022 in accordance with the AA1000SES standard. The material aspects approved by the Board of Directors are published on the website. There is also a risk and opportunity analysis based on the Sustainable Development Goals.	https://galatawindenerji.com/media/3mids51r/sustainability-management-materiality-areas.pdf https://galatawindenerji.com/media/g0vapbi1/sustainability-management-risks-and-opportunities.pdf
	For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation.	●				Our sustainability guidelines are available on the corporate website.	https://galatawindenerji.com/en/corporate-governance/policies/
A1.2	Should determine and publicly disclose its short and long-term goals in line with its ESG policies.		●			Galata Wind has started to perform measurements and evaluations in line with the material issues identified for 2022. Accordingly, detailed goals will be defined in 2023 and disclosed through the Sustainability Report. The current scope of the disclosed goals is limited.	https://galatawindenerji.com/media/gt3htu4b/un-sdg-impact-areas.pdf
	A2. Implementation/ Monitoring						
A2.1	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies.	●					https://galatawindenerji.com/media/3fhjk2ep/sustainability-management-structure-strategy-and-policies.pdf
	Committees/units in charge, should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	●				The Sustainability Committee was formed in 2022 and convened for the first time in December 2022. The Duties and Responsibilities document stipulates that the Committee convenes four times a year and reports the results of the meetings to the Board of Directors.	https://galatawindenerji.com/media/prscqqlx/gwind_surdurulebilirlik-komitesi-calisma-esaslari_en.pdf
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short and long-term goals determined as above.	●					https://galatawindenerji.com/media/gt3htu4b/un-sdg-impact-areas.pdf

A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.			●		Galata Wind will publish its first sustainability report containing the 2022 data in 2023. Therefore, the yearly comparisons will be available from 2023 onward.	
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.		●			Galata Wind started to integrate its strategic sustainability management and processes in 2022. The results of the activities carried out for this purpose are available on the website.	https://galatawindenerji.com/media/gt3htu4b/un-sdg-impact-areas.pdf
	A3. Reporting						
A3.1	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	●					https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ under the 2022 Annual Report heading can be found the pdf version to the 2022 Annual Report. The sustainability section in the Annual Report is titled Galata Wind and Sustainability and can be found Pages 74-109.
A3.2	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	●					https://galatawindenerji.com/media/gt3htu4b/un-sdg-impact-areas.pdf
A3.3	It should disclose information about lawsuits filed and/ or completed against it in environmental, social and corporate governance issues.			●		Galata Wind will publish its first sustainability report, prepared in accordance with the 2016 GRI Standards and containing the 2022 data, in 2023. The data will be included in the GRI Index.	
	A4. Verification						
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.			●		Galata Wind will publish its first sustainability report containing the 2022 data in 2023 and the independent audit report will also be included in the report.	
	B. ENVIRONMENTAL PRINCIPLES						
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	●				Galata Wind holds ISO 14001 Environmental Management System certification. More information is available on the website.	https://galatawindenerji.com/media/jlqdlr1b/environmental-management-system.pdf
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.			●		Galata Wind will publish its sustainability report, which contains the 2022 data and provides on overview of its environmental performance and goal, in 2023.	

B3	Provided in A2.1.	●				https://galatawindenerji.com/media/prscqqlx/gwind_surdurulebilirlik-komitesi-calisma-esaslari_en.pdf
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.			●		Galata Wind will publish its sustainability report, which contains the 2022 data and provides an overview of its environmental performance and goal, in 2023.
B5	Should disclose how environmental issues are integrated into business objectives and strategies.		●			Galata Wind identified its material areas in 2022 and published the results on its website. Studies on the goals related to the material areas are ongoing. Once the measurement and evaluation stages are completed, they will be published as part of sustainability reports.
B6	Provided in A2.4.		●			https://galatawindenerji.com/media/gt3htu4b/un-sdg-impact-areas.pdf
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.			●		Sustainability and stakeholder engagement in the Supply Chain Management are among Galata Wind's sustainability strategies and material areas. Work on this process is ongoing.
B8	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	●				Galata Wind operates in the field of renewable energy and collaborates with various organizations. The company's memberships and partnerships are provided on the website. https://galatawindenerji.com/media/dduptbnm/social-impact-memberships-and-collaborations.pdf
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and waste management, waste management, biodiversity effects].	●				The environmental data of Galata Wind is disclosed in the annual report of Doğan Holding A.Ş. in a comparable format. The company's first Sustainability Report containing the 2022 data will be published in 2023. For previous years' data, the annual reports of Doğan Holding A.Ş. are referenced. https://www.doganholding.com.tr/surdurulebilirlik/raporlar-rehberler/ Dogan Holding 2022 Annual Report Chapter 4 – Sustainability > Group Companies Sustainability Project and Activities > GalataWind
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.			●		Galata Wind has made the necessary investments to collect and calculate the 2022 data in accordance with the ISO 14064 standard. The data to be disclosed in this context will be included in the Sustainability Report. https://www.doganholding.com.tr/surdurulebilirlik/raporlar-rehberler/

B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	●				The environmental data of Galata Wind is disclosed in the annual report of Doğan Holding A.Ş. in a comparable format. The company's first Sustainability Report containing the 2022 data will be published in 2023. For previous years' data, the annual reports of Doğan Holding A.Ş. are referenced. https://www.doganholding.com.tr/surdurulebilirlik/raporlar-rehberler/
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.		●			Following the measurements and evaluations that started in 2022, the short- and long-term goals will be disclosed in detail in the Sustainability Report to be published in 2023. Once the materiality analysis study was completed, the limited goal were published on the website. https://galatawindenerji.com/media/gt3htu4b/un-sdg-impact-areas.pdf
B13	Should disclose its strategy and actions for fight against climate crisis.	●				Galata Wind Climate Change Management Approach and Climate Change Policy https://galatawindenerji.com/media/sbzcbljr/climate-action-management-approach.pdf https://galatawindenerji.com/media/asdowjst/climate-action-policy.pdf
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services.	●				ISO 14001 Environmental Management System ISO 50001 Energy Management System https://galatawindenerji.com/media/jlqdlr1b/environmental-management-system.pdf https://galatawindenerji.com/media/fygflcw1/energy-management-system.pdf
	Should also declare the actions of third parties aiming to reduce greenhouse gas emissions.			●		Sustainability and stakeholder engagement in the Supply Chain Management are among Galata Wind's sustainability strategies and material areas. Work on this process is ongoing.
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	●				Galata Wind, which engages exclusively in renewable energy generation, eliminates nearly 400 thousand tons of carbon emissions per year thanks to the power generation from renewable energy sources. More information on this topic is provided in the annual report. https://galatawindenerji.com/en/investor-relations/reports-and-presentations/
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	●				Galata Wind plans to publish its first sustainability report containing the 2022 data in 2023. However, our carbon footprint is included in the sustainability report of Doğan Holding, our parent company. https://www.doganholding.com.tr/surdurulebilirlik/raporlar-rehberler/

B17	Should provide information about electricity, heat, steam and cooling generated and consumed in the reporting year.	●				Galata Wind engages exclusively in renewable energy generation. More information on the amount of electricity generated is provided in the annual report.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	●				Galata Wind engages exclusively in renewable energy generation. More information on the amount of electricity generated is provided in the annual report.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/
B19	Should disclose its renewable energy generation and consumption data.	●				Galata Wind engages exclusively in renewable energy generation. More information on the amount of electricity generated is provided in the annual report.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.			●		Galata Wind holds ISO 50001 Energy Management System certification. The environmental data of Galata Wind is disclosed in the annual report of Doğan Holding A.Ş. in a comparable format. The company's first Sustainability Report containing the 2022 data will be published in 2023. For previous years' data, the annual reports of Doğan Holding A.Ş. are referenced.	https://galatawindenerji.com/media/fyglcw1/energy-management-system.pdf
B21	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.)	●				Galata Wind holds ISO 50001 Energy Management System certification. The environmental data of Galata Wind is disclosed in the annual report of Doğan Holding A.Ş. in a comparable format. The company's first Sustainability Report containing the 2022 data will be published in 2023. For previous years' data, the annual reports of Doğan Holding A.Ş. are referenced.	https://www.doganholding.com.tr/surdurulebilirlik/raporlar-rehberler/
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	●				Galata Wind achieved a total CO2 emission reduction of 1,432,532 tons in the first validation period covering the years 2010-2018 for Şah WPP and Mersin WPP, and a total CO2 emission reduction of 797,889 tons in the second validation period, which will cover the years 2018-2026. The third validation period for these power plants will be from 2026 to 2032. , will also be carried out for these power plants. The annual CO2 emission reduction from 2021 to 2032, the year when the right expires, is estimated to be 280,000 tons on average.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 95-95

B23	Should disclose its carbon credit data accumulated or bought in the reporting period.			●			2022 Faaliyet Raporu - Sayfa 94-96
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.	●				Galata Wind can operate in voluntary markets. The company uses Gold Standard carbon certificates in Mersin WPP, Şah WPP, Taşpınar WPP, Çorum SPP and Erzurum/ Aziziye SPP while in Erzurum/ Hınıs SPP, the VCS certificate is used. Under these standards, the company's power plants are granted periods in which they can continue to verify and trade carbon credits. Galata Wind has continued the verification and approval process for all eligible power plants since 2012 and is officially committed to continue the process until the end of the monitoring periods, as highlighted during the IPO phase.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 94-96. Revenue impact can be seen in the Consolidated Financial Statements and Notes in Note 17.
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	●				The 2022 Annual Report contains information about all the mandatory and voluntary platforms where the company's environmental data is disclosed. The 2022 data will be provided in more detail in the sustainability report.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 74-109
C. SOCIAL PRINCIPLES							
C1. Human Rights and Employee Rights							
C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation regulating human rights and labor issues in Turkey. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.			●		Galata Wind, a Doğan Group company, adheres to the international declarations, principles, conventions and agreements to which Turkey is a party, especially the human rights clauses in the Constitution, in all its activities, and respects all the rights of its employees. Galata Wind will expand the scope of its human rights policy development efforts as part of strategic sustainability management and disclose the results in 2023.	https://galatawindenerji.com/media/yhljix5h/dogan_holding_human_rights_policy-1.pdf
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	●				Comprehensive information is available in the annual report. More information, including performance details in 2022, will be provided in the Sustainability Report to be published in 2023.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 74-109

C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).					Comprehensive information is available in the annual report. More information, including performance details in 2022, will be provided in the Sustainability Report to be published in 2023.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 74-109
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.					Galata Wind, a Doğan Group company, adheres to the international declarations, principles, conventions and agreements to which Turkey is a party, especially the human rights clauses in the Constitution, in all its activities, and respects all the rights of its employees. Galata Wind will expand the scope of its human rights policy development efforts as part of strategic sustainability management and disclose the results in 2023.	https://galatawindenerji.com/media/yhljix5h/dogan_holding_human_rights_policy-1.pdf
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management.					Comprehensive information is available in the annual report. More information, including performance details in 2022, will be provided in the Sustainability Report to be published in 2023.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 74-109
	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.						
	Regularly declares its activities aimed at employee satisfaction.					Since 2021, Doğan Group has in place an Ethics Hot-line, which all the employees, including those of Galata Wind, may call to request clarification about vague explanations and report violations of codes or practices.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 109
C1.6	Should formulate and disclose its occupational health and safety policies.					Detailed information on occupational health and safety is provided in the annual report. Workplace accident data of 2022 will be included in the Sustainability Report that will be published in 2023.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 106-108
	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.					Detailed information on occupational health and safety is provided in the annual report. Workplace accident data of 2022 will be included in the Sustainability Report that will be published in 2023.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 106-108
C1.7	Should formulate and disclose to public its personal data protection and data security policies.					Our policy, applies to all personal data processing activities within Galata Wind, has been drafted and introduced in accordance with the KVKK and other personal data protection regulations and international standards.	https://galatawindenerji.com/media/abfbkxz/protection_and_processing_of_personal_data-policy.pdf

C1.8	Should formulate and disclose its ethics policy.						https://galatawindenerji.com/media/gbxpoz2v/sustainability-management-business-ethics.pdf
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.						
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.					All training programs were planned as part of the sustainability management process and the first training program was delivered during the focus workshop in late 2022. More information, including 2022 data will be covered in detail in the Sustainability Report to be published in 2023.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 74-109
C2. Stakeholders, International Standards and Initiatives							
C2.1	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints.					Galata Wind applies and manages the ISO 10001 Customer Satisfaction Management System in all its processes. Accordingly, customer complaint management processes are annually reviewed during the certification inspections. The topic is also addressed in the annual report.	https://galatawindenerji.com/media/c3rfoszb/quality-management-system.pdf https://galatawindenerji.com/media/yeciwtqw/customer-satisfaction-system.pdf https://galatawindenerji.com/yatirimci-%C4%B1liskileri/raporlar-ve-sunumlar/
C2.2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.					This topic is explained in the website's Stakeholder Engagement section.	https://galatawindenerji.com/media/phqg40ku/corporate-governance-stakeholder-engagement.pdf
C2.3	Should disclose international reporting standards it has adopted.					Galata Wind publishes its annual report in accordance with applicable national legislation. The sustainability report will be prepared in accordance with the 2016 GRI standards and published in 2023. The Company's financial reports are prepared within the framework of the CMB Communiqué No. II -14.1 on the Principles of Financial Reporting in the Capital Markets and in accordance with the Turkish Financial Reporting Standards ("TFRS") and the Turkish Accounting Standards ("TAS") published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). The annual financial statements are disclosed after a full independent audit and the half-year financial statements after a limited independent audit.	https://galatawindenerji.com/yatirimci-%C4%B1liskileri/raporlar-ve-sunumlar/

C2.4	Should disclose the international organizations or principles it has signed or enrolled in and the international principles it has adopted.	●				https://galatawindenerji.com/media/3fhjk2ep/sustainability-management-structure-strategy-and-policies.pdf https://galatawindenerji.com/media/dduptbnm/social-impact-memberships-and-collaborations.pdf
C2.5	Should concretely endeavor to be included in the Borsa İstanbul Sustainability Index and international sustainability indices.	●			Galata Wind was included in the BIST Sustainability Index after the evaluation in December 2022.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 6, 29, 30 and 74
D. Corporate Governance Principles						
D1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	●			Galata Wind started to work on sustainability management in international standards in 2022. The materiality analysis, which is directly based on the stakeholder engagement strategy, was conducted according to the methodology proposed by the AA1000SES stakeholder engagement standard. The relevant matrix is available on the website.	https://galatawindenerji.com/media/3mids51r/sustainability-management-materiality-areas.pdf
D2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	●			As part of the activities that started in 2022, the entire team has received basic sustainability training. Volunteering programs were also reviewed in line with the sustainability strategy.	https://galatawindenerji.com/en/investor-relations/reports-and-presentations/ 2022 Annual Report - Pages 98-99

ANNEX 5

2021 Dividend Distribution Table Proposal

Galata Wind Enerji AŞ					
1-	Paid - in/Issued Capital	534.791.457,65			
2-	Legal Reserves (According to Legal Records)	-			
Information on the profit distribution privilege, if any, as required by the Articles of Association.		-			
		According to the CMB	According to Legal Records		
3-	Profit for the Period	935.347.673,00	489.721.110,68		
4-	Taxes (-)	108.608.262,00	(104.847.089,14)		
5-	Net Profit for the Period (*)	1.043.955.935,00	384.874.021,54		
6-	Accumulated Losses (-)	-	-		
7-	Legal Reserves (-)	(19.243.701,08)	(19.243.701,08)		
8-	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	1.024.712.233,92	365.630.320,46		
9-	Donations made throughout the year (+)	5.747.506,00	-		
10-	Distributable Net Income for the Period including Donations	1.030.459.739,92	365.630.320,46		
11-	First Dividend to Shareholders	26.739.572,88			
	- Cash	26.739.572,88			
	- Non-paid	-			
	- Total	26.739.572,88			
12-	Dividend Distributed to Privileged Shareholders	-			
13-	Dividend Distributed to	-			
	- Board members	-			
	- Employees	-			
	- Other than Shareholders	-			
14-	Dividend Distributed to Redeemed Shareholders	-			
15-	Second Dividend to Shareholders	248.260.427,12			
16-	Legal Reserves	30.808.249,78			
17-	Statutory Reserves	-			
18-	Special Reserves	-			
19-	EXTRAORDINARY RESERVES	718.903.984,14	59.822.070,68		
20-	Other Reserves Distributable	-	-		
	- Retained Earnings	-	-		
	- Extraordinary Reserves	-	-		
DIVIDEND RATIO TABLE					
DIVIDEND INFORMATION (**)	TOTAL DIVIDEND PAYOUT AMOUNT		TOTAL DIVIDEND DISTRIBUTED / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE OF 1 TRY NOMINAL VALUE	
	CASH (TRY)	FREE OF CHARGE (TRY)	RATIO (%)	AMOUNT (TL)	RATIO (%)
-BRÜT	275.000.000,00	-	26,69	0,51421913	51,422
-NET	247.500.000,00	-	24,02	0,46279722	46,280
(*)	Net profit for the period for the Parent, except Non-controlling Interest.				
(**)	There is no privileged share groups and Dividend Information represents the entire distribution amount which if paid is gross or with a deduction of 10% withholding tax.				



**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

GALATA WIND ENERJİ ANONİM ŞİRKETİ

**CONSOLIDATED FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2022 TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Galata Wind Enerji Anonim Şirketi

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Galata Wind Enerji Anonim Şirketi (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Recognition of Property, Plant and Equipment	
<p>The Group has property, plant and equipment amounting to TRY892,677,405 in the consolidated financial statement as of 31 December 2022. The accounting policies and details of the Group's property, plant and equipment are explained in Note 2.1.7 and Note 8 of the consolidated financial statements.</p> <p>In the consolidated financial statements, the Group recognizes its property, plant and equipment over the acquisition costs, with their net values after deducting the accumulated depreciation and impairment, if any, in accordance with TAS 16 "Property, plant and equipment" standard ("TAS 16"). Property, plant and equipment are capitalized from the moment they are brought to the required condition and place in order to operate in line with the management's objectives and begin to be depreciated with their useful lives determined in line with the Group management's projections.</p> <p>Since the total amount of property, plant and equipment has a significant share in the assets of the Group and the useful lives used in the depreciation calculations are based on the estimation of the Group management, the accounting of property, plant and equipment has been considered as a key audit matter.</p>	<p>The following audit procedures have been performed on the accounting of property, plant and equipment:</p> <ul style="list-style-type: none">• It has been assessed whether the accounting policies regarding the accounting of property, plant and equipment applied comply with TFRS.• The completeness and accuracy of the detailed lists of the property, plant and equipment have been checked with the Group's accounting records by selecting samples.• Acquisition costs of property, plant and equipment have been evaluated in consideration of the recognition criteria within the scope of TAS 16.• Supporting purchase invoices for property, plant and equipment purchases were tested with the sampling method.• The appropriateness of the estimated useful lives of property, plant and equipment was evaluated on a sample basis, considering the expected economic benefits associated with each asset, and the current year depreciation expenses were tested with the sampling method.• The expected useful lives of wind turbines and solar panels are compared with industry practices.• The appropriateness and adequacy of the explanations included in the notes to the consolidated financial statements regarding property, plant and equipment according to the relevant TFRS has been evaluated.



3. Key audit matters (Continued)

Key Audit Matters	How the key audit matter was addressed in the audit
Revenue Recognition	
<p>The Group has recognised revenue of TRY1,187,271,828 during the year ended 31 December 2022.</p> <p>Since the revenue represents the most significant amount in the profit or loss statement of the Group, and because it has a significant effect on the Group's key performance indicators, it is a key audit matter.</p> <p>The Group generates electricity sales revenues through generating electricity from wind and solar energy plants and selling it. As discussed in the Note 2.1.7 "Significant Accounting Policies", since electricity is a service provided as a series that the client gets and consumes simultaneously, it is recognised as one performance, at point of time and through output method</p>	<p>The following audit procedures have been performed on the recognition of revenue:</p> <ul style="list-style-type: none">• Understanding of the processes of the Group management regarding the revenue recognition.• Assessing whether the accounting policies applied comply with TFRS and applied consistently with prior periods.• Testing the Group's sales to the related party through the sales account reconciliation.• Testing sales to Enerji Piyasaları İşletme A.Ş. through Market Financial Settlement Center screenshots.• Performing detailed tests related to the transactions that were carried out before and after the fiscal period to assess whether the revenue is recognized in the correct period.

4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 21 February 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 21 February 2023

GALATA WIND ENERJİ ANONİM ŞİRKETİ

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GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
		<i>Current Period</i>	<i>Prior Period</i>
ASSETS	Notes	31 December 2022	31 December 2021
Current assets		908,306,047	389,090,774
Cash and cash equivalents	4	659,079,070	158,919,076
Financial investments	24	76,299,442	-
Trade receivables			
- <i>Due from related parties</i>	23	1,842	543,271
- <i>Due from third parties</i>	6	84,126,572	83,778,946
Other receivables			
- <i>Due from third parties</i>	7	36,128	200,491
Inventories		818,695	835,022
Prepaid expenses	13	13,608,960	6,853,361
Other current assets	14	74,335,338	137,960,607
Non-current assets		1,558,052,323	1,378,495,316
Derivative instruments	15	65,081,022	46,233,133
Financial investments	24	100,000	100,000
Other receivables			
- <i>Due from third parties</i>	7	572,678	280,356
Property, plant and equipment	8	892,677,405	880,684,725
Intangible assets			
- <i>Licenses</i>	9	313,102,681	284,503,003
- <i>Goodwill</i>	3	27,629,554	27,629,554
- <i>Other</i>	9	658,843	811,276
Right of use assets	10	12,056,163	12,951,192
Deferred tax assets	22	148,834,186	-
Prepaid expenses	13	97,339,791	18,812,554
Other non-current assets	14	-	106,489,523
TOTAL ASSETS		2,466,358,370	1,767,586,090

The consolidated financial statements as of and for the year end period ended 31 December 2022 have been approved by the Board of Directors on 21 February 2023.

The accompanying notes form an integral part of these consolidated financial statements.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
		<i>Current Period</i>	<i>Prior Period</i>
LIABILITIES	Notes	31 December 2022	31 December 2021
Current liabilities		107,312,562	288,047,041
Short-term borrowings			
- Short-term borrowings from third parties			
- <i>Bank borrowings</i>		-	-
Short-term portion of long-term borrowings			
Short-term portion of long-term borrowings from third parties			
- <i>Bank borrowings</i>	5	67,109,605	247,543,945
- <i>Lease liabilities</i>	5	864,969	1,197,123
- Short-term portion of long-term borrowings from related parties			
- <i>Lease liabilities</i>	5,23	304,868	408,733
Trade payables			
- <i>Due to related parties</i>	23	585,022	87,147
- <i>Due to third parties</i>	6	16,884,666	8,786,647
Other payables			
- <i>Due to third parties</i>	7	4,168,083	1,628,182
Payables related to employee benefits	12	4,124,117	1,249,304
Provision for period income tax	22	5,776,076	20,931,299
Short-term provisions			
- <i>Other short-term provisions</i>	11	5,539,797	4,985,953
- <i>Short-term provisions for employment benefits</i>	12	1,955,359	1,228,708
Non-current liabilities		468,808,456	481,852,364
Long-term borrowings			
- Long-term borrowings from third parties			
- <i>Bank borrowings</i>	5	444,308,980	384,738,222
- <i>Lease liabilities</i>	5	14,032,870	13,635,922
- Long-term borrowings from related parties			
- <i>Lease liabilities</i>	5,23	352,381	641,965
Long-term provisions			
- <i>Other long term provisions</i>	11	6,036,387	6,036,387
- <i>Long-term provisions for employment benefits</i>	12	4,077,838	1,692,950
Deferred tax liabilities	22	-	75,106,918
EQUITY		1,890,237,352	997,686,685
Equity attributable to equity holders of the parent company		1,890,237,352	997,686,685
Share capital	16	534,791,458	534,791,458
Share premiums/(discounts)	16	4,000,000	4,000,000
Other comprehensive income (losses) that will not be reclassified in profit or loss			
- Actuarial gains (losses) on defined benefit plans	16	(1,384,231)	21,037
Restricted reserves	16	42,350,942	25,773,899
Retained earnings or accumulated losses		266,523,248	262,187,432
Net profit or loss for the period		1,043,955,935	170,912,859
TOTAL EQUITY AND LIABILITIES		2,466,358,370	1,767,586,090

The accompanying notes form an integral part of these consolidated financial statements.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited Current Period 1 January - 31 December 2022</i>	<i>Audited Prior Period 1 January - 31 December 2021</i>
PROFIT OR LOSS			
Revenue	17	1,187,271,828	540,226,277
Cost of sales (-)	17	(213,469,078)	(145,366,749)
GROSS PROFIT/ (LOSS)		973,802,750	394,859,528
General administrative expenses (-)	18	(24,713,014)	(23,918,820)
Marketing expenses (-)	18	(10,884,445)	(6,034,512)
Other operating income	20	181,818,130	59,967,787
Other operating expenses (-)	20	(13,469,879)	(19,537,816)
OPERATING PROFIT/ (LOSS)		1,106,553,542	405,336,167
OPERATING PROFIT/ (LOSS) BEFORE FINANCE (EXPENSE)/ INCOME		1,106,553,542	405,336,167
Finance expenses (-)	21	(171,205,869)	(208,984,412)
PROFIT/ (LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS		935,347,673	196,351,755
Tax income/(expense) from continued operations		108,608,262	(25,438,896)
Tax income/ (expense) for the period	22	(114,981,525)	(47,052,651)
Deferred tax income/ (expense)	22	223,589,787	21,613,755
PROFIT/ (LOSS) FOR THE PERIOD		1,043,955,935	170,912,859
Allocation of Profit/(Loss) For the Period			
Attributable to equity holders of the parent company		1,043,955,935	170,912,859
Earning/(Loss) Per Share Attributable to Equity Holders of the Parent Company	25	1.952	0,320
OTHER COMPREHENSIVE INCOME			
That will not be reclassified as profit or loss			
Actuarial gains (losses) on defined benefit plans	12	(1,756,585)	(579,421)
Taxes related to other comprehensive income that will not be reclassified as profit or loss			
Tax effect of actuarial gains (losses) on defined benefit plans	22	351,317	115,884
OTHER COMPREHENSIVE INCOME (LOSS)		(1,405,268)	(463,537)
TOTAL COMPREHENSIVE INCOME (LOSS)		1,042,550,667	170,449,322
Allocation of Total Comprehensive Income/(Loss)			
Attributable to non-controlling interests		-	-
Attributable to equity holders of the parent company		1,042,550,667	170,449,322

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		Share capital	Share premium/ discounts	Other comprehensive income or expense not to be reclassified to profit or loss Actuarial gain/ (loss) on defined benefit plans	Restricted reserves	Retained earnings		Equity attributable to equity holders of parent company	Non-controlling interest	Total equity
						Retained earnings or accumulated loss	Profit (Loss) for Period			
Balance at 1 January 2021		534,791,458	4,000,000	484,574	15,491,356	216,113,433	156,356,542	977,237,363	-	977,237,363
Transfers		-	-	-	10,282,543	146,073,999	(156,356,542)	-	-	-
Dividends		-	-	-	-	(100,000,000)	-	(100,000,000)	-	(100,000,000)
Total comprehensive income		-	-	(463,537)	-	-	170,912,859	170,449,322	-	170,449,322
- Other comprehensive income/ (expense)		-	-	(463,537)	-	-	-	(463,537)	-	(463,537)
- Net profit for the period (loss)		-	-	-	-	-	170,912,859	170,912,859	-	170,912,859
Balance at 31 December 2021		534,791,458	4,000,000	21,037	25,773,899	262,187,432	170,912,859	997,686,685	-	997,686,685
Balance at 1 January 2022		534,791,458	4,000,000	21,037	25,773,899	262,187,432	170,912,859	997,686,685	-	997,686,685
Transfers		-	-	-	16,577,043	154,335,816	(170,912,859)	-	-	-
Dividends		-	-	-	-	(150,000,000)	-	(150,000,000)	-	(150,000,000)
Total comprehensive income		-	-	(1,405,268)	-	-	1,043,955,935	1,042,550,667	-	1,042,550,667
- Other comprehensive income/ (expense)		-	-	(1,405,268)	-	-	-	(1,405,268)	-	(1,405,268)
- Net profit for the period (loss)		-	-	-	-	-	1,043,955,935	1,043,955,935	-	1,043,955,935
Balance at 31 December 2022		534,791,458	4,000,000	(1,384,231)	42,350,942	266,523,248	1,043,955,935	1,890,237,352	-	1,890,237,352

The accompanying notes form an integral part of these consolidated financial statements.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	<i>Audited Current Period 1 January - 31 December 2022</i>	<i>Audited Prior Period 1 January - 31 December 2021</i>
A. NET CASH FROM OPERATING ACTIVITIES		1,072,786,336	319,491,958
Net profit (loss) for the period		1,043,955,935	170,912,959
Adjustments regarding reconciliation of net profit (loss) for the period:		(37,813,796)	176,386,211
Adjustments related to depreciation and amortization	8, 9, 10	64,577,672	63,161,961
Adjustments related to provisions			
- <i>Adjustments related to provisions for (reversal of) employee benefits</i>	12	1,403,633	937,115
- <i>Adjustments related to other provisions (reversals)</i>	11	-	10,740,050
Adjustments related to interest (income) and expenses			
- <i>Adjustments related to interest income</i>	20	(25,450,226)	(2,800,067)
- <i>Adjustments related to interest expenses</i>	21	53,850,949	42,748,889
Adjustments related to fair value (gains) losses		(19,216,105)	(57,446,075)
Adjustments related to tax (income)/expense	22	(108,959,579)	25,438,896
Adjustments related to changes in unrealised foreign exchange differences	5	(4,020,140)	93,605,442
Changes in working capital		177,579,128	(10,650,368)
Adjustments for decrease in inventories		16,327	829,955
Adjustments for decrease/ (increase) in trade receivables			
- <i>Decrease/ (increase) in trade receivables from related parties</i>		541,429	(543,271)
- <i>Decrease/ (increase) in trade receivables from non-related parties</i>		(347,626)	(48,969,504)
Increase/ (decrease) in payables due to employee benefits		2,874,813	(148,996)
Adjustments regarding decrease/ (increase) in other receivables on operations			
- <i>(Increase)/ decrease in other receivables regarding operations with non-related parties</i>		170,114,792	(18,708,860)
Adjustments regarding increase (decrease) in trade payables			
- <i>Increase/ (decrease) in trade payables to related parties</i>		497,875	(1,343,015)
- <i>Increase/ (decrease) in trade payables to non-related parties</i>		8,098,019	3,166,418
Adjustments regarding increase (decrease) in other payables on operations			
- <i>Increase/(decrease) in other payables regarding operations with non-related parties</i>		2,539,901	(7,359,305)
Adjustments for other increase (decrease) in working capital			
- <i>(Increase)/ decrease in other assets regarding operations</i>		(6,756,402)	62,426,210
Net cash from operating activities		1,183,721,267	336,648,702
Income tax refunds (payments)	22	(130,106,715)	(19,794,409)
Interest received		19,220,462	2,814,409
Payment of provisions for employee benefits		(48,678)	(176,744)

GALATA WIND ENERJİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	<i>Audited Current Period 1 January - 31 December 2022</i>	<i>Audited Prior Period 1 January - 31 December 2021</i>
B. NET CASH FROM INVESTING ACTIVITIES		(257,764,330)	(83,506,435)
Acquisition of subsidiary, net of cash acquired	9	(39,140,698)	-
Cash outflows from the acquisition of shares or debt instruments of other enterprises or funds	24	(76,299,442)	-
Cash outflows from purchase of property, plant, equipment and intangible assets			-
- <i>Cash outflows from purchase of property, plant, equipment</i>	8	(69,055,270)	(85,190,050)
- <i>Cash outflows from purchase of intangible assets</i>	9	(1,597,269)	(318,809)
Cash advance given		(72,983,412)	
Cash inflows from sale of property, plant, equipment and intangible assets			
- <i>Cash inflows from sale of property, plant, equipment</i>	8	1,311,761	1,849,969
- <i>Cash inflows from sale of intangible assets</i>	9	-	-
Other cash inflows/(outflows)		-	152,455
C. NET CASH FROM FINANCING ACTIVITIES		(465,139,777)	(196,301,681)
Cash inflows from borrowings			
- <i>Cash inflows from borrowings</i>	5	170,000,000	448,808,024
Cash outflows on debt payments			
- <i>Cash outflows due to payments of bank borrowings</i>	5	(433,940,755)	(374,972,822)
- <i>Cash outflows due to payments of other borrowings</i>	5	-	(132,294,672)
Cash outflows due to payments of lease liabilities	5	(3,639,136)	(3,821,786)
Interest paid		(47,559,886)	(34,020,425)
Dividends paid		(150,000,000)	(100,000,000)
Other cash inflows/(outflows)		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION DIFFERENCES		349,882,229	39,683,842
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		144,048,324	53,124,901
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		493,930,553	92,808,743
E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	158,918,753	66,110,010
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	652,849,306	158,918,753

The accompanying notes form an integral part of these consolidated financial statements.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Galata Wind Enerji Anonim Şirketi (“Galata Wind” or the “Company”) was acquired and taken over from the İbrahimağaoğlu Family on 29 June 2012 as a Doğan Holding subsidiary.

While the Company operated as a subsidiary of Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. (“Doğan Enerji”) as part of Doğan Şirketler Grubu Holding A.Ş., it started to operate directly as a subsidiary of Doğan Şirketler Grubu Holding A.Ş. after the merger of Doğan Şirketler Grubu Holding A.Ş. and Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. under Doğan Şirketler Grubu Holding A.Ş. on 2 March 2021. The ultimate joint shareholders of the Company are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y. Begümhan Doğan Faralyalı).

Galata Wind is subject to Capital Markets Legislation and Capital Markets Board (“CMB”) regulations. Its shares have been traded on Borsa İstanbul A.Ş. (“Borsa İstanbul”) since 22 April 2021. As per CMB Principle Decision No. 31/1059 dated 30 Oct 2014 and Principle Decision No. 21/655 dated 23 July 2010, and according to the records of Central Securities Depository (“CSD”), as of 21 February 2023, shares corresponding to 29,92% of Galata Wind’s capital are accepted as being in circulation.

The main activities of the Company are establishing, operating and managing electric power plants and generating and selling electric energy.

In the scope of this purpose and field, the Company generates electricity using sustainable energy sources and sells this electricity to the Turkey Interconnected Grid.

The Company owns three wind power plants (WPP) and two solar power plants (SPP). Total installed capacity of these plants is 269 MW, 234.9 MW of which is comprised of WPPs, and 34.1 MW of which is comprised of SPPs. All power plants, except Mersin WPP and Şah WPP, sell the electricity generated to the feed-in-tariff system, within the scope of the Support Mechanism for Renewable Energy Sources (“YEKDEM”). As of December 2022, a total of 793,291 MWh of electricity was generated, 741,347 MWh from WPPs and 51,944 MWh from SPPs.

The WPPs with 49-year generation licenses are Şah WPP, Mersin WPP and Taşpınar WPP. Şah WPP in Bandırma/Balıkesir, which has 105MW of installed capacity, has been operating since 2011, and Mersin WPP in Mut/Mersin has 62.7MW of installed capacity and has been operating since 2010. The 67.2 MW Taşpınar WPP installed in Nilüfer/Bursa was commissioned in October 2020 after its partial provisional acceptance. The installation of 10 turbines was completed at the end of 2020, and the project was commissioned at full capacity as of March 2021. Şah WPP and Mersin WPP changed owners with Doğan Group’s acquisition of the Company and began operating as part of Doğan Group as of June 2012. In 2017, a capacity expansion investment was made for Mersin WPP. In the scope of this investment, six state-of-the-art wind turbines were installed in a more efficient part of the licensed site. The necessary permits were completed and construction began in 2020 for Taşpınar WPP, which was developed by the Company in-house, and as of March 2021, it was put into use at full capacity. Mersin WPP and Taşpınar WPP have the capacity for additional investments. The power plants have their own technical and administrative staff in the regions in which they operate. Each power plant employs one operating manager, five command operators, one administrative staff, one or two general employees, and four or five security guards. The repair/maintenance of turbines is outsourced. The land where the turbines are installed is forested or belongs to the state treasury, and an easement was established for the duration of the license by the relevant establishments.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

SPPs generating electricity without licenses began operating on 19 December 2017 and 31 December 2018, with, respectively, 9.4MW of installed capacity in Merkez/Çorum and 24.7MW of installed capacity in Aziziye-Hınıs-Karayazı/Erzurum. Each SPP employs one electricity technician and five or six security guards. Repair and maintenance of panels and other equipment is outsourced. The Company owns the land where Çorum SPP was established. For Erzurum SPP, the Aziziye and Hınıs power plants land belongs to the Company, while the land in Karayazı has been leased.

Electricity sales prices are as follows:

- Şah WPP exited YEKDEM at the end of 2021. In this context, it sold the electricity generated in 2021 for the last time at a price of 73 USD/MWh. Since January 2022, it has been selling the generated electricity through bilateral contracts.
- The YEKDEM period for Taşpınar WPP began in 2021 and will continue until the end of 2030. In addition, since the equipment used at the Taşpınar WPP is domestically manufactured, the company will benefit from an additional domestic contribution price. Taşpınar WPP will sell the electricity it generates for USD 94/MWh (USD 73 + USD 21 local contribution) for 5 years. Taşpınar WPP will also fall within the scope of YEKDEM in 2022. When YEKDEM expires, it will sell electricity at the free market price or through bilateral agreements.
- Mersin WPP, whose YEKDEM term expired at the end of 2020, sold the electricity it generated in 2021 under a bilateral agreement. It will continue to sell electricity in this way in 2022.
- For SPPs, the 10-year YEKDEM period has begun from the date of operations. Çorum SPP will sell the electricity it generates until the end of 2027 and Erzurum SPP until the end of 2028 at a selling price of 133 USD/MWh through the distribution company in the region to which it is connected.

In line with the Company's Board of Directors Resolution dated 31 December 2020; All of the shares of Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. (“Sunflower”) in which Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. has 100% shares, have been purchased and taken over by the Company at a nominal value of TL 1,000,000. As of 31 December 2020, the relevant share transfers of Sunflower are in its stock register, and the control of Sunflower was transferred to Galata Wind as of 31 December 2020. The ultimate parent company of Sunflower is Doğan Şirketler Grubu Holding A.Ş., and the above-mentioned share transfer was evaluated to be a transaction between entities under common control. The company’s main fields of activity are: all types of renewable energy sources: Systems that convert sunlight into energy; design and installation of systems to generate energy from sunlight in all types of residential buildings, sites, hotels, hospitals, factories, tourist facilities, resorts and similar facilities, campuses and buildings. Sunflower is currently engaged in the installation of rooftop solar energy systems. As of December 2022, Sunflower has provided turnkey project consulting and panel supply services for approximately 650 kW. In the following periods, the company will continue its activity in the field of rooftop solar projects.

A Share Purchase and Sale Agreement dated 23.09.2022 was entered into between the Company and Gökova Elektrik Üretim ve Ticaret A.Ş. ("Gökova") to acquire all registered shares corresponding to 100% of the capital of Gökova at a price of TRY 38,265,698. The subject of the purchase is the wind power plant project ("Alapınar WPP Project"), which will operate within the borders of Muğla Province, has an installed capacity of 9 MWm / 6.8 MWe and a generation license number EÜ/3519-37/2164. As of 23, 2022, corresponding share transfers are registered in the share register of Gökova. On September 23, 2022, control of Gökova was transferred to Galata Wind. Within the field coordinates included in Production License No. EU/3519-37/2164, the Company shall pay an additional fee of USD 1,750,000 in cash and in full to the Seller, provided that the obligation under the positive EIA decision is satisfied by the obligations under EMRA's decision dated September 1, 2022, No. 11159-7.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

As of 31 December 2022 and 2021 the main operations of the subsidiary of the Company (the Company and the subsidiary shall be together referred to as the “Group”) and the country in which it operates are as follows:

Subsidiary	Main operation	Country registered
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. (“Sunflower”)	Energy	Turkiye
Gökova Elektrik Üretim ve Ticaret A.Ş. (“Gökova”)	Energy	Turkiye

The Group had 51 employees as of 31 December 2022 (31 December 2021: 50).

The registered address of the group is as follows:

Burhaniye Mah. Kısıklı Cad. No: 65 34676 Üsküdar/Istanbul

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the "Communiqué on Financial Reporting Principles in Capital Markets" ("Communiqué"), Series II, number 14.1, published in the Official Gazette on June 13, 2013 and numbered 28676, of the Capital Markets Board ("CMB") and in accordance with Article 5 of the Communiqué on the basis of the Turkish Financial Reporting Standards and its Annexes and Commentaries ("TFRS"), published by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The Group maintains their legal books of accounts in Turkish Lira in accordance with the Tax Legislation, and the Uniform Chart of Accounts (General Communiqué on Accounting System Implementation) issued by the Ministry of Finance.

These consolidated financial statements, except for the financial assets that are presented at fair value, are prepared on the basis of historical cost.

Adjustment to the financial statements in hyperinflationary periods

In accordance with the decision of CMB dated as 17 March 2005 and numbered 11/367, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TFRS. Accordingly, No:29, “Financial Reporting in Hyperinflationary Economies” (“TAS 29”), has not been applied commencing from 1 January 2005.

The POA made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of these consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of Group.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles

(a) Subsidiaries

Subsidiaries comprise of the companies directly or indirectly controlled by Galata Wind.

Control is achieved when the Group:

- Has power over the company/asset;
- Is exposed, or has rights, to variable returns from its involvement with the company/asset; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are indicators of a situation or an event that may cause any changes to at least one of the elements of control listed above.

When the Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in the relevant investee are sufficient to give it power, including:

- The size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities (including voting patterns at previous shareholders’ meetings).

Subsidiaries are consolidated by the date the Group takes the control and from the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Galata Wind and/or indirectly by its subsidiaries.

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Group in its subsidiary are eliminated from equity and income for the period.

Subsidiaries acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

Income and expense of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles (Continued)

Changes in ownership interests

The Group assesses transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their indirect interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity.

As of 31 December 2022 and 2021, Sunflower is the only subsidiary consolidated. The voting rights and effective ownership rates for Sunflower are shown below:

Subsidiaries	Direct voting Rights (%)		Proportion of effective ownership interest (%)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Sunflower	100	100	100	100
Gökova	100		100	

Summary financial information of Sunflower as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Current assets	1,711,367	1,605,541
Non-current assets	82,173	63,570
Current liabilities	6,979	594,925
Non-current liabilities	1,786,561	1,074,186
Net (loss)/ profit for the period	(287,626)	349,439

(*) The capital increase of Sunflower's paid-in capital from 1,000,000 Turkish liras to 2,000,000 Turkish liras, to be fully covered by cash, was approved at the Extraordinary General Meeting of Shareholders on November 30, 2022. At the meeting of the Board of Directors on November 30, 2022, it was decided to set the amount of participation in the Company's cash capital increase at 1,000,000 Turkish liras.

Summary financial information of Gökova as of 31 December 2022 are as follows:

	31 December 2022
Current assets	4,385,075
Non-current assets	931,129
Current liabilities	8,835
Equity	5,307,369
Net (loss)/ profit for the period	144,779

(*) At the Extraordinary General Meeting of October 24, 2022, it was decided to increase the capital of Gökova by 3,500,000 Turkish liras to 8,000,000 Turkish Liras. At the Board of Directors' meeting held on October 25, 2022, the Board of Directors of the Company decided to fully exercise the right to acquire new shares by cash payment and to set the amount of participation in the cash capital increase at 3,500,000 Turkish Liras.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles (Continued)

(b) Non-Controlling Interests

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as non-controlling interest and non-controlling profit/loss in the consolidated statement of financial position and consolidated statement of income.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

To conform to the presentation of the current period's consolidated financial statements, comparative information is reclassified when deemed necessary and material differences are disclosed.

2.1.4 Comparative information and restatement of prior period financial statements

The Group's consolidated financial statements were prepared in comparison with the previous periods in order to determine financial position and performance trends. The Group prepared its consolidated statement of financial position as at 31 December 2022 in comparison with the consolidated statement of financial position as at 31 December 2021. The Group prepared its consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ending 1 January - 31 December 2022 in comparison with the consolidated financial statements for the period ending 1 January - 31 December 2021.

2.1.5 Changes in significant accounting policies, accounting estimates, errors and restatement of prior period financial statements

Changes of accounting policies resulting from the first-time implementation of the TAS are implemented retrospectively or prospectively in accordance with the transition provisions. Major accounting mistakes detected are applied retrospectively and the financial statements of previous period are revised. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurs; if the changes apply also to the future periods, they are applied in both the period of change and in the future period.

2.1.6 New and revised Turkish Financial Reporting Standards ("TFRS")

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.6 New and revised Turkish Financial Reporting Standards (“TFRS”) (Continued)

- **Amendments to IFRS 3**, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16**, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37**, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

a) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IFRS 16 – Leases on sale and leaseback**; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to IAS 1 – Non current liabilities with covenants**; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **IFRS 17, ‘Insurance Contracts’, as amended in December 2021**; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These accounting policies are applied consistently for the presented periods unless otherwise specified.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 4).

Trade receivables and provision for doubtful receivables

The Group’s trade receivables from providing goods or services to customers are carried at net of unrealized finance income (“unearned financial income due to sales with maturity”). Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named “effective interest rate”. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 6).

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt “simplified approach” in TFRS 9.

TAS 39, “Financial Instruments” valid before 1 January 2018: Instead of “realised credit losses model” in Accounting and Measurement Standard, “expected credit loss model” was defined in TFRS 9 “Financial Instruments”. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

The Group evaluates to recognize provision for doubtful receivables, whose payment was not made within the ordinary commercial activity cycle of the Group, considering whether the trade receivable is subject to administrative and/or legal proceeding, whether or not they have a guarantee and there is an objective finding. The amount of such provision is the difference between the book value of the receivable and the collectible amount. The collectible amount is the current value of the expected cash flow, including the amounts to be collected from guarantees and collaterals, which is discounted based on the original effective interest rate of the initial receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Trade receivables and provision for doubtful receivables (Continued)

When trade receivables are not impaired for certain reasons along with realised impairment losses, Group recognises expected credit loss provision equal to lifetime expected credit loss for trade receivables as per TFRS 9. Expected credit loss is calculated by expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from operating activities (Note 20).

If there is a partial or whole collection over the doubtful receivable amount subsequent to the recognition of a provision for doubtful receivables, the collected portion is recognized as other income from operating activities following the write-down of the total provision amount (Note 6; 20).

Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchasing costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the weighted average basis. The inventories item includes the solar panels that Sunflower trades.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changing economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial impairment.

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight-line basis (except land) (Note 8). Land is not subject to depreciation since useful life is assumed to be infinite.

The estimated useful lives of the tangible assets are as follows;

	<u>Years</u>
Land and land improvements	50 years
Buildings	50 years
Wind turbines, transformers and switchyard	10 - 30 years
Solar panels	20 years
Motor vehicles	4 - 5 years
Furniture and fixtures	4 - 11 years

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized in the consolidated statement of financial position upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as income or expenses from investing activities in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the statement of financial position date.

Repair and maintenance expenses are charged to the statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset.

Gain and losses regarding sale of property, plant and equipment are accounted as other income and expenses from investing activities.

Construction in progress for the installation of electricity energy production, which is classified under property, plant and equipment, includes the following cost elements in brief:

- Purchase price after deducting discounts, including import duties and non-refundable taxes,
- Any costs related to the conditions that the asset will be placed and installed in order to work properly as the management aimed,
- Costs related to employee benefits arising from the construction or by the direct acquisition of tangible assets,
- Costs related to the preparation of the place,
- Costs associated with the first delivery,
- Setup and installation costs,
- Professional fees,
- General and administrative expenses that are directly related to the acquisition or construction of fixed assets,
- Financing costs that could be added to the cost of property, plant and equipment in the scope of TAS 23 “Borrowing Costs”,
- Expropriation costs for the construction of the power plant.

Intangible assets and related amortization

Intangible assets are carried at cost and amortized by using the straight-line method (Note 9).

Estimated useful lives of intangible assets that have a finite useful life are as follows:

Rights	39 - 49 years
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Intangible assets with estimated useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The amount recoverable from an intangible asset is either the discounted net cash flows generated from the use of that intangible asset or the net sales value of that intangible asset depending whether the former or the latter being higher. Provision for impairment is recognised under the statement of profit or loss in the related period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group 's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

The cash-generating unit, where the goodwill is allocated, is tested for impairment annually. If there is any indication that the unit is impaired, the impairment test is performed more frequently.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated financial statements. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of assets excluding goodwill and intangible assets with infinite useful lives

At each statement of consolidated financial position date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognized in the statement of profit or loss.

Business Combinations

The acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognised as cost as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date;
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Business Combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after revaluation, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with if it is found to be within the standart of TFRS 9 *Financial Instruments: Recognition and Measurement*, the mentioned conditional price is measured at its fair value and the gain or loss arising out of the change is recognised under profits, losses or other comprehensive income. Those not covered under the scope of TFRS 9, is recognized in profit or loss as per TAS 37 *Provisions* or other suitable “TAS”.

When a business combination is achieved in stages, the Group 's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date (Note 3).

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3 “Business Combinations”. Therefore, goodwill is not calculated in such mergers. Besides, transactions occurring between the parties in legal mergers are subject to adjustments during the preparation of the consolidated financial statements. In the accounting of share transfers under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with their carrying values. Mergers between entities under common control are recognized by “Pooling of Interests” method. In applying the “Pooling of Interests” method, the consolidated financial statements are adjusted as if the acquisition was performed as of the beginning at the relevant reporting period in which the common control is carried out and they are presented comperatively as of the beginning of the relevant reporting period. As a result of these transactions, no goodwill or negotiable purchase effect is calculated (Note 3). Business combinations under common control are not within the scope of TFRS 3 “Business Combinations” and the Group does not recognize any goodwill with respect to such transactions. If the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the Share Premiums. On the contrary, when the net transaction consideration exceeds the carrying amount of the net assets of the entity on the date of the transaction, the difference is reflected in “Effects of Mergers of Entities Under Common Control” as an item decreasing the equity.

Leases

If a contract regulates the right to control the use of an asset that is defined in the contract for a certain period and for a specific price, this contract is considered as a lease in its nature or includes a lease transaction. At the beginning of a contract, the Group assesses whether the contract is a lease or include a lease transaction. The Group considers the following conditions when assessing whether or not a contract transfers the right to control the use of a defined asset for a specified period of time:

- a) The existence of a clearly or implicitly identifiable asset that constitutes the subject of the lease,
- b) The lessee has the right to obtain almost all of the economic benefits from the use of the defined asset that constitutes the subject of the lease,
- c) The lessee has the right to manage the use of the defined asset that constitutes the subject of the lease. According to circumstances listed below, the tenant is deemed to have the right to manage the defined asset constituting the subject of the lease;
 - i. The lessee has the right to operate the property for the duration of its use (or to direct others to operate the property in its own way) and the lessor does not have the right to change these operating instructions or
 - ii. Designing the asset (or certain features of the asset) in advance in a manner of how and for what purpose the asset will be used during its occupancy by the lessee.

In case that the contract fulfills these conditions, the Group reflects a right of use asset and a lease liability to the consolidated financial statements at the date of the lease's actual start.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Leases (Continued)

The right of use assets

The right-of-use asset is initially recognized by the cost method and includes the followings:

- a) The first measurement amount of the lease liability to be recognized as the right of use asset,
- b) Deduction of all leasing incentives related to the lease, from the first measurement amount of the lease liability recorded as a right of use asset,
- c) All direct costs, that are related to the lease, incurred by the Group to be added to the first measurement amount of the lease liability, which will be recognized as a right of use asset, and
- d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

In applying the cost method, the Group measures the right of use asset by:

- a) deducting the accumulated depreciation and accumulated impairment losses and,
- b) measuring the cost of the lease in accordance with the re-measurement of the lease liability.

The Group applies depreciation provisions in “TAS 16 Property, Plant and Equipment” while depreciating the right of use asset. In order to determine whether the right of use asset has been impaired or not and to recognize any impairment losses the “TAS 36 Impairment of Assets” standard is implemented.

Lease liability

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not realized at that date. If the interest rate on the lease can be easily determined, this rate is used in discount; if the implied interest rate cannot be easily determined, the payments are discounted by using the alternative borrowing interest rate of the lessee.

Lease payments that are included in the measurement of the lease liability of the Group and the payments that have not occurred on the date when the lease is actually started consist of the following:

- a) Amount deducted from all types of rental incentive receivables from fixed payments,
- b) Lease payments based on an index or a rate, lease payments made using an index or a rate at the time the initial measurement was actually started,
- c) The penalty for termination of the lease in cases the lessee shows a sign of it will use an option to terminate the lease.

After the effective date of the lease, the Group measures its lease liability as follows:

- a) Increasing the book value by reflecting interest on lease liability,
- b) Reducing the book value by reflecting the lease payments made
- c) Re-measures the book value to reflect any re-evaluations and reconfigurations, if any. The Group reflects the remeasured amount of the lease obligation to the consolidated financial statements as adjustment in the use of right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Leases (Continued)

Extension and early termination options

A lease obligation is determined by considering the extension of the contracts and early termination options. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Group and the lessor. However, if such extension and early termination options are at the Group's discretion in accordance with the contract and the use of the options is reasonably certain, the lease term shall be determined by taking this issue into account. If there is a significant change in the conditions, the evaluation is reviewed by the Group.

Facilitative applications

Contracts related to IT equipment leases (mainly printer, laptop, mobile phone, etc.), which are determined by the Group as low value, short-term lease agreements with a period of 12 months and less, have been assessed under the exemption granted by the TFRS 16 “Leases”, and payments for these contracts are recognized as an expense in the period in which they are incurred.

Financial assets

Group classified its financial assets in two categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise “trade receivables”, “other receivables” and “cash and cash equivalents” in the statement of financial position.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision is not provided to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Financial assets (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the statement of financial position, they are classified as non-current assets. Group makes a choice that cannot be changed later for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

Financial assets at fair value through profit or loss consist of “derivative instruments” in statement of financial position. Derivative instruments are recognised as asset if their fair value is positive and as liability if their fair value is negative. Group's derivative instruments consist of transactions concerning cross currency and interest swap. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realised or unrealised profit and losses are recognised under “financing income/(expense)”. Financial assets including the derivative products not determined as hedging instruments are classified as financial assets whose fair value difference is reflected as profit or loss (Note 15).

(c) Financial assets carried at value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of “financial assets” in the statement of financial position. In addition, trade receivables collected from factoring companies due to without recourse factoring activities are classified as financial assets carried at fair value through other comprehensive income since the collection risk of these receivables are transferred to the factoring companies and management's business plan for them is “hold to sell”. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Derivative financial instruments and hedge accounting

Derivative financial instruments are comprised of cross currency and interest swap agreements. Derivative financial instruments are subsequently remeasured at their fair value. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities in the statement of financial position respectively (Note 15).

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)****2.1.7 Summary of significant accounting policies (Continued)****Derivative financial instruments and hedge accounting (Continued)**

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives is included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or a liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

The Group utilizes foreign exchange derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts regarding the management of fluctuations in exchange rates and fuel prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in equity remains in equity until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognized in equity are transferred to the statement of profit or loss.

Financial borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the profit or loss as finance expense over the period of the borrowings. The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 5).

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. If trade payable is less than or equal to 1 year (or if it is longer as long as it is in the Group’s normal operational cycle), these payables are classified as short-term payables, Otherwise, these are classified as long-term payables (Note 6).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognized as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Group’s shareholders is recognized as a liability in the Group’s consolidated financial statements in the period in which the dividends are approved by the General Assembly (Note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)****2.1.7 Summary of significant accounting policies (Continued)****Taxation**

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of statement of financial position date and includes adjustments related to the previous year’s tax liabilities. Turkish tax legislation does not allow the parent company to file a tax return over the consolidated financial statements of its subsidiaries. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated separately for all companies included in the scope of consolidation.

Deferred income tax is provided, using the liability method, on temporary differences arising between the statutory tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 22).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority.

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)****2.1.7 Summary of significant accounting policies (Continued)****Employment termination benefits**

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 12).

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of the statement of financial position date.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal or constructive obligation or a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised by the Group in the consolidated financial statements of the period in which the change occurs.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 11).

Revenue recognition

The Group earns electricity sales income by generating electricity with solar and wind power plants and selling it. Since electricity is a service provided in a series that the client receives and consumes simultaneously, it is recognised as one performance obligation, point of time and through the output method (Note 17).

When the Group meets its performance obligation by transferring a product or service that it previously committed to, the revenue is recognised in consolidated financial statements. When the customer takes control of an asset, the asset is deemed to have been transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)****2.1.7 Summary of significant accounting policies (Continued)****Revenue recognition (Continued)**

The Group recognises revenue based on the following five principles:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

If all the below-mentioned conditions are met, Group recognises an agreement made with the client as revenue:

- Parties to the agreement approved the agreement (in writing, orally or in other means in line with commercial practices) and committed to meet their respective obligations,
- Group can define the rights of each party concerning the goods or services to be transferred,
- Group can define payment conditions concerning the goods or services to be transferred,
- The agreement is commercial in essence.
- It is possible that the Group will collect money in return for goods and services to be transferred to the client.

When determining whether the money can be collected, Group only considers its client’s ability and intention to pay the money in time. At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation as follows:

- a) Different goods or service (goods or service packages) or
- b) A group of different goods or services which are similar in a great extent and transferred to the client with the same method.

A group of different goods or services are subject to the same transfer method if the below conditions are met:

- a) Each different product or service that the Group committed to transfer to the client must meet required conditions and constitute a performance obligation to be met in time and
- b) As per the relevant paragraph of the standard, using the same method to measure the progress of the Group in meeting its obligation to transfer each product or service included in the group to the client.

The Group signed a Balancing Group agreement to manage imbalances arising in the electricity market operated by EPIAŞ. Should a positive or negative imbalance arise in the production estimates entered in the system the day before the electricity delivery date, the entity managing the Balancing Group can purchase and sell on behalf of the Group in the intraday market (IDP). As a result of these transactions, invoices for income or expense of IDP transactions reflected to the Group by EPIAŞ according to the monthly Settlement results are then directly reflected to the entity managing the balancing group.

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ENDED 31 DECEMBER 2022**

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Because the entity managing the Balancing Group bears all other imbalance costs on the system, there is no other imbalance cost. IDP amounts coming from EPIAŞ are recognised as expense as a result of the Settlement reflected by the Group to the entity managing the Balancing Group, and for IDP receivable amounts are recognised as income since the Group is invoiced by the entity managing the Balancing Group. Such income and expense transactions are offset in these financial statements.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its consolidated financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person,
- i. has control or joint control over the reporting entity,
 - ii. has significant influence over the reporting entity; or,
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same company (which means that each parent, subsidiary and fellow subsidiary is related to the others),
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
 - iii. Both entities are joint ventures of the same third party,
 - iv. One entity is a joint venture of a third party and the other entity is an associate of the third entity,
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity related to the reporting entity, If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
 - vi. The entity is controlled or jointly controlled by a person identified in (a),
 - vii. (a) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Group directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Group or their key management personnel: Group’s subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 23).

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(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Statement of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group’s activities.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with three months or less to maturity.

Earnings/(loss) per share

Earnings/(loss) per share is determined by dividing net income/(loss) by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their issued capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all of the periods presented in the consolidated financial statements (Note 25).

Segment reporting

The information used by group management to evaluate performance and allocate resources belongs to the “energy production” section in Turkey, which operates in a single line of work. Therefore, no segment reporting footnote is presented.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under other income or other expenses.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Foreign currency transactions and balances (Continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised under other comprehensive income.

Events after the reporting period

The Group adjusts the amounts recognised in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 27).

2.1.8 Critical Accounting Estimates, Assumptions and Decisions

The evaluation, expectation and estimation of accounting are made by considering past experience, other factors and reasonable expectations for situations in the future. These expectations and estimations may vary even if management made their estimation using their best knowledge. Estimations which can affect assets and liabilities in the next financial reporting period stated below.

a) Useful lives of tangible and intangible fixed assets

Estimated useful lives of tangible and intangible fixed assets are related to the judgement based on experience with similar assets. Future financial benefits derived from assets are essentially the benefits gained from use. However, other factors, such as technical or commercial impairment and wear and tear, generally reduce the financial benefits of assets. Management evaluates the remaining useful lives of the assets based on the current technical status of the assets and the estimated period when the assets will bring benefits to the Group. The following key factors are taken into account: (a) estimated period of use of the assets, (b) estimated physical wear and tear based on operational factors and the maintenance schedule, (c) technical or commercial impairment due to changes in market conditions.

b) Classification of value added tax (“VAT”) as long-term and short-term

VAT classified as long-term under non-current assets, is calculated by considering VAT amounts that will arise as the result of cash flows projected by the Group for a duration longer than one year.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.8 Critical Accounting Estimates, Assumptions and Decisions (Continued)

c) Covid-19

In late 2019, Covid-19 (coronavirus) appeared in China, and a limited number of cases were reported to the World Health Organisation. In the first months of 2021, the virus spread internationally and its negative impact grew. The Covid-19 pandemic had an impact on supply, manufacturing and demand globally and a direct effect on many industries.

In this period, the Group’s production continued normally. Measures such as remote work for personnel, social distancing in the workplace, preventative hygiene practices and online trainings for the staff were taken. Because the Group sold its electricity at a fixed rate in the scope of YEKDEM in 2022, Covid-19 did not have a significant impact on the Group’s work, electricity generation or liquidity.

d) Deferred Tax

The Group recognises deferred tax assets and liabilities because of the differences between taxable financial statements and financial statements prepared as per TFRSs published by POA. Deferred tax assets which are partially or wholly recoverable were projected under the current conditions. In the assessment, future profit projections, expire dates of unused tax losses and other tax assets and approaches to be implemented as per tax legislation were considered.

NOTE 3 – GOODWILL

	31 December 2022	31 December 2021
Goodwill	27,629,554	27,629,554
	27,629,554	27,629,554
Movement of goodwill is as follows:		
	<u>2022</u>	<u>2021</u>
1 January	27,629,554	27,629,554
Addition during the year	-	-
31 December	27,629,554	27,629,554

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Banks (*)	659,079,070	158,919,076
- Demand deposits	82,322	296,138
- Time deposits (less than 3 months)	658,996,748	158,622,938
	659,079,070	158,919,076

(*) As of 31 December 2022, the Group's overnight time deposits are 26% in TRL, 1% in USD and 1% in EUR (effective interest rate in EUR as of 31 December 2021 is 0.01%, effective interest rate in USD as of 31 December 2021 is 0.05%) and their maturities are less than 3 months. The Group has no blocked deposits as of 31 December 2022 (31 December 2021: None).

Cash and cash equivalents included in the cash flow statements in 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	659,079,070	158,919,076
Interest accruals(-)	(6,229,764)	(323)
Total	652,849,306	158,918,753

NOTE 5 - SHORT AND LONG-TERM BORROWINGS

The summary on short and long-term bank borrowings is as follows:

Short-term portion of long-term borrowings:	31 December 2022	31 December 2021
Short-term portion of long-term bank borrowings from third parties	67,109,605	247,543,945
Lease liabilities from third parties	864,969	1,197,123
Lease liabilities from related parties	304,868	408,733
	68,279,442	249,149,801
Long-term borrowings:	31 December 2022	31 December 2021
Long-term bank borrowings from third parties	444,308,980	384,738,222
Lease liabilities from third parties	14,032,870	13,635,922
Lease liabilities from related parties	352,381	641,965
	458,694,231	399,016,109

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings

Details of the bank borrowings as of 31 December 2022 and 2021 are as follows:

	31 December 2022		
	Interest rate per annum (%)	Original currency	TRY
Short-term portion of long-term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	3,360,386	67,109,605
Long term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	22,247,931	444,308,980
Total bank borrowings			511,418,585

	31 December 2021		
	Interest rate per annum (%)	Original currency	TRY
Short-term portion of long-term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65-0.80	3,289,224	49,712,999
- TRY denominated bank borrowings	%14.55-%15.50	197,830,946	197,830,946
Long term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65-0.80	25,455,920	384,738,222
Total bank borrowings			632,282,167

The redemption schedule of long-term bank borrowings as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
In 2 years	64,066,097	48,485,217
In 3 years	64,066,097	48,485,217
In 4 years	64,066,097	48,485,217
More than 5 years	252,110,689	239,282,571
	444,308,980	384,738,222

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings (Continued)

As of 31 December 2022 and 2021, the distribution of the Group's financial liabilities with fixed and floating interest rates is as follows:

	31 December 2022	31 December 2021
Financial borrowings with fixed interest rates	-	197,830,946
Financial borrowings with fixed floating rates	511,418,585	434,451,221
	511,418,585	632,282,167

The Group have a financial commitment to comply with in its loan agreements. In accordance with the bank loan agreement, the measurement date of financial ratios is 31 December 2022 (31 December 2021: None).

As of 31 December 2022, the remaining credit limit of the Group in banks is TRY 2,607,284,364. (31 December 2021: TRY 904,976,860).

Commitments related to financial liabilities are presented in Note 11.

The movement table of the financial borrowings as of 31 December 2022 and 2021 is as follows:

	2022	2021
1 January	632,282,167	403,429,581
Additions	170,000,000	448,808,024
Payments	(433,940,755)	(374,972,822)
Interest accruals	3,048,989	5,598,546
Unrealized exchange rate difference	140,028,184	149,418,838
31 December	511,418,585	632,282,167

The reconciliation of the net financial borrowings as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents (Note 4)	659,079,070	158,919,076
Short-term borrowings	(67,109,605)	(247,543,945)
Long-term borrowings	(444,308,980)	(384,738,222)
Short-term lease liabilities	(1,169,837)	(1,605,856)
Long-term lease liabilities	(14,385,251)	(14,277,887)
Net financial (liability)/assets	132,105,397	(489,246,834)

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings (Continued)

	Long and short-term borrowings	Lease liabilities	Cash and cash equivalent	Net financial (asset)/liabilities
1 January 2022	632,282,167	15,883,743	(158,919,076)	489,246,834
Cash flow effect	(263,940,755)	(3,573,496)	(349,881,906)	(617,396,157)
Foreign currency adjustment	140,028,184	-	(144,048,324)	(4,020,140)
Interest accruals	3,048,989	3,244,841	(6,229,764)	64,066
31 December 2022	511,418,585	15,555,088	(659,079,070)	(132,105,397)

	Long and short-term borrowings	Lease liabilities	Cash and cash equivalent	Net financial (asset)/liabilities
1 January 2021	535,724,253	14,910,713	(66,124,675)	484,510,291
Cash flow effect	(58,459,470)	(2,156,888)	(39,669,177)	(100,285,535)
Foreign currency adjustment	149,418,838	-	(53,124,901)	96,293,937
Interest accruals	5,598,546	3,129,918	(323)	8,728,141
31 December 2021	632,282,167	15,883,743	(158,919,076)	489,246,834

b) Lease liabilities

Details of the lease liabilities as of 31 December 2022 and 2021 are as follows:

	31 December 2022		
	Interest rate per annum (%)	Original Currency	TRY
Short-term portion of long-term lease liabilities:			
TRY denominated lease borrowings from third parties	18.79 - 22.55	864,969	864,969
TRY denominated lease liabilities from related parties	18.00	304,868	304,868
Total short-term portion of long-term lease liabilities:			1,169,837
Long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18.79 - 22.55	14,032,870	14,032,870
TRY denominated lease liabilities from related parties	18.00	352,381	352,381
Total long-term lease liabilities			14,385,251
Total lease liabilities			15,555,088

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

b) Lease liabilities (Continued)

	31 December 2021		
	Interest rate per annum (%)	Original Currency	TRY
Short-term portion of long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18.79 - 22.55	1,197,123	1,197,123
TRY denominated lease liabilities from related parties	18.00	408,733	408,733
Total short-term portion of long-term lease liabilities:			1,605,856
Long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18.79 - 22.55	13,635,922	13,635,922
TRY denominated lease liabilities from related parties	18.00	641,965	641,965
Total long-term lease liabilities			14,277,887
Total lease liabilities			15,883,743

The movement table of the lease liabilities as of 31 December 2022 and 2021 are as follows:

1 January	15,883,743	14,910,713
Additions	164,030	1,736,169
Payments	(3,639,136)	(3,821,786)
Interest expense	3,244,841	3,129,918
Early termination	(98,390)	(71,271)
31 December	15,555,088	15,883,743

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2022	31 December 2021
Trade receivables from third parties	84,126,572	84,290,138
Trade receivables from related party	1,842	543,271
Provision for doubtful receivables (-)	-	(511,192)
	84,128,414	84,322,217

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of provision for doubtful receivables during the current year is as follows:

	2022	2021
1 January 2022	(511,192)	(515,979)
Provisions no longer required	511,192	4,787
31 December 2022	(511,192)	(511,192)

The average maturity of short-term trade receivables is 27 days as of 31 December 2022 (31 December 2021: 27 days).

Short-term trade payables	31 December 2022	31 December 2021
Trade payables to third parties	585,022	87,147
Trade payables to related party	16,884,666	8,786,647
	17,469,688	8,873,794

The average maturity of trade payables is 26 days as of 31 December 2022 (31 December 2021: 26).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Short-term other receivables from third parties	31 December 2022	31 December 2021
Receivables from tax authority	-	189,676
Other receivables	36,128	10,815
	36,128	200,491

Long-term other receivables from third parties	31 December 2022	31 December 2021
Other receivables	572,678	280,356
	572,678	280,356

Other short-term payables to third parties	31 December 2022	31 December 2021
Taxes and funds payable	4,151,346	1,601,866
Deposits and guarantees received	-	10,000
Other short-term payables	16,737	16,316
	4,168,083	1,628,182

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the periods ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost					
Land and land improvements	27,791,653	3,319,087	-	-	31,110,740
Buildings	7,454,936	-	-	-	7,454,936
Wind turbines, transformer and switchyard	1,008,227,247	1,964,643	1,670,513	-	1,011,862,403
Motor vehicles	490,204	393,877	-	-	884,081
Furniture and fixtures	26,091,873	1,470,112	-	-	27,561,985
Construction in progress	16,347,647	61,755,337	(3,211,337)	-	74,891,647
Leasehold improvements	4,578,037	152,214	-	-	4,730,251
Other fixed assets	20,382	-	-	(1,017)	19,365
Total cost	1,091,001,979	69,055,270	(1,540,824)	(1,017)	1,158,515,408
Accumulated depreciation					
Land and land improvements	(1,148,721)	(1,121,789)	-	-	(2,270,510)
Buildings	(819,280)	(154,870)	-	-	(974,150)
Wind turbines, transformer and switchyard	(200,839,370)	(51,859,397)	-	-	(252,698,767)
Motor vehicles	(361,964)	(152,380)	-	-	(514,344)
Furniture and fixtures	(7,033,923)	(2,136,347)	-	-	(9,170,270)
Leasehold improvements	(93,614)	(95,966)	-	-	(189,580)
Other fixed assets	(20,382)	-	-	-	(20,382)
Total accumulated depreciation	(210,317,254)	(55,520,749)	-	-	(265,838,003)
Net book value	880,684,725				892,677,405

As of 31 December 2022, there are no capitalized borrowing costs in property, plant and equipment, (31 December 2021: TRY 2,688,495).

As of 31 December 2022, there is no mortgage on property, plant and equipment (31 December 2021: None). There is no property, plant and equipment acquired by financial leasing.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2021	Additions	Transfers	Disposals	31 December 2021
Cost					
Land and land improvements	21,362,727	6,337,328	91,598	-	27,791,653
Buildings	6,256,207	-	1,198,729	-	7,454,936
Wind turbines, transformer and switchyard	850,977,963	200,422	157,693,862	(645,000)	1,008,227,247
Motor vehicles	486,834	3,370	-	-	490,204
Furniture and fixtures	24,871,683	1,202,369	17,821	-	26,091,873
Construction in progress	98,429,097	80,135,056	(162,216,506)	-	16,347,647
Leasehold improvement	3,270,026	-	1,308,011	-	4,578,037
Other fixed assets	20,382	-	-	-	20,382
Total cost	1,005,674,919	87,878,545	(1,906,485)	(645,000)	1,091,001,979
Accumulated depreciation					
Land and land improvements	(464,460)	(684,261)	-	-	(1,148,721)
Buildings	(664,410)	(154,870)	-	-	(819,280)
Wind turbines, transformer and switchyard	(149,496,222)	(51,359,273)	-	16,125	(200,839,370)
Motor vehicles	(263,413)	(98,551)	-	-	(361,964)
Furniture and fixtures	(5,103,848)	(1,930,075)	-	-	(7,033,923)
Leasehold improvement	(185)	(93,429)	-	-	(93,614)
Other fixed assets	(20,382)	-	-	-	(20,382)
Total accumulated depreciation	(156,012,920)	(54,320,459)	-	16,125	(210,317,254)
Net book value	849,661,999				880,684,725

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 9 - INTANGIBLE ASSETS

Movements of the intangible assets for the periods ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost					
Rights (*)	1,874,371	63,560	1,540,824	(1,310,744)	2,168,011
Licenses (**)	357,940,442	36,247,092	-	-	394,187,534
Total cost	359,814,813	36,310,652	1,540,824	(1,310,744)	396,355,545
Accumulated amortization					
Rights	(1,063,095)	(446,073)	-	-	(1,509,168)
Licenses	(73,437,439)	(7,647,414)	-	-	(81,084,853)
Total accumulated amortization	(74,500,534)	(8,093,487)	-	-	(82,594,021)
Net book value	285,314,279				313,761,524

(*) As of 31 December 2022, there are 329,389 tons of carbon credit sales rights.

(**) In 2022, additions to the cost of licenses in the amount of TRY 34,713,383 has been accounted for with respect to the acquisition of 100% shares in Gökova Elektrik Üretim ve Ticaret A.Ş. (Gökova) at a price of TRY 39,140,698 on September 23, 2022. As Gökova was an inactive company at the date of acquisition and does not meet the definition of business under TFRS 3 “Business Combinations” standard, the transaction was considered as a acquisition of assets. Accordingly, the difference between the purchase price and the net assets of Gökova at the time of acquisition is recognized as licence.

	1 January 2021	Additions	Transfers	Disposals	31 December 2021
Cost					
Rights	1,304,085	1,712	1,906,485	(1,337,911)	1,874,371
Licenses	357,623,345	317,097	-	-	357,940,442
Total cost	358,927,430	318,809	1,906,485	(1,337,911)	359,814,813
Accumulated amortization					
Rights	(1,080,849)	(99,063)	-	116,817	(1,063,095)
Licenses	(65,790,025)	(7,647,414)	-	-	(73,437,439)
Total accumulated amortization	(66,870,874)	(7,746,477)	-	116,817	(74,500,534)
Net book value	292,056,556				285,314,279

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 10 - RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Land	12,675,663	-	-	12,675,663
Motor vehicles	1,990,218	-	(107,214)	1,883,004
Offices	408,735	164,030	-	572,765
	15,074,616	164,030	(107,214)	15,131,432
Accumulated amortization:				
Land	(905,240)	(332,606)	-	(1,237,846)
Motor vehicles	(809,449)	(466,800)	11,590	(1,264,659)
Offices	(408,735)	(164,029)	-	(572,764)
	(2,123,424)	(963,435)	11,590	(3,075,269)
Net book value	12,951,192			12,056,163

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Land	12,675,663	-	-	12,675,663
Motor vehicles	579,193	1,595,026	(184,001)	1,990,218
Offices	267,592	141,143	-	408,735
	13,522,448	1,736,169	(184,001)	15,074,616
Accumulated amortization:				
Land	(572,634)	(332,606)	-	(905,240)
Motor vehicles	(300,903)	(621,276)	112,730	(809,449)
Offices	(267,592)	(141,143)	-	(408,735)
	(1,141,129)	(1,095,025)	112,730	(2,123,424)
Net book value	12,381,319			12,951,192

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions:

	31 December 2022	31 December 2021
Provision for lawsuit	4,370,448	4,370,448
EMRA claim provision	1,169,349	615,505
	5,539,797	4,985,953

b) Other long term provisions:

	31 December 2022	31 December 2021
EMRA claim provision	6,036,387	6,036,387
	6,036,387	6,036,387

EMRA claim provision

Based on the Investigation Report of EMRA Audit Department dated 31 May 2021 and report numbered 381, EMRA board resolutions dated 30 December 2021 numbered 10696-30 (Board decision on warning the company for violation of legislation), 10696-31 (Board decision regarding the collection of the total amount of RES by EPIAŞ), 10696-32 (Board decision on warning the company for violation of legislation), 10696-33 (Board decision regarding the collection of the total amount of RES by EPIAŞ) regarding our Şah WPP and Mersin WPP were applied on the grounds that extra YEKDEM income were obtained in violation of the legislation by exceeding the maximum production amount that can be realized hourly with the installed power (electrical) registered and temporarily accepted in our licenses despite the necessary defenses made in due time by us regarding this report.

Pursuant to the Debt Payment Agreement signed between EPIAŞ and Galata Wind, which was commissioned by EMRA on collection, on 11 February 2022, the Group is obliged to pay a principal amount of TRY9,390,570, a default interest of TRY1,016,265, VAT of TRY1,873,230 resulting a total claim amount of TRY12,280,065, The amount will be collected in 30 installments until 17 June 2024 by deducting from the settlement amounts of the relevant months as a retrospective correction item.

As of December 31, 2021, the Group has recognized a provision of TL 10,406,835 for the corresponding amount. Depending on the repayment schedule, EPIAŞ deducted the corresponding amount as a retroactive adjustment item from the settlement amount of the respective months between January 1 and May 31, 2022. The actions for annulment that we have filed before the Ankara Administrative Court are for the annulment of the relevant notices. It was decided to suspend the execution of the Board resolutions numbered 10696-31 and 10696-33 regarding the collection of the total costs of YEK on July 05 and 18, 2022. Pursuant to these resolutions, the fees deducted from the settlement amount in the previous periods were returned to our Company by the EPIAŞ. Decisions based on appeals by the defendant EMRA against the suspension decisions As a result of the examination before the Regional Administrative Court, EMRA's appeals were dismissed and the suspension decisions became final. As a result of the proceedings before the Ankara Administrative Court in December 2022, Board Resolutions 10696-31 and 10696-33 were annulled as illegal. The District Court's decision was submitted by EMRA to the Regional Administrative Court, a higher instance, for review. As such, since the ruling stands, the provision established as of December 31, 2021 continues to be protected in the financial statements presented as of December 31, 2022.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Conditional Liabilities, Guarantee, Pledge, Mortgage, Bail and other

Collateral, Pledge and Mortgage (“CPM”) positions as of 31 December 2022 and 2021 is presented below:

31 December 2022	TRY equivalent	TRY	EUR
A, GPM’s given for companies own legal personality			
- Guarantee ⁽¹⁾	374,683,994	205,812,517	8,455,920
- Pledge	-	-	-
- Mortgage	-	-	-
B, GPM’s given on behalf of fully consolidated companies	-	-	-
C, GPM’s given for continuation of its economic activities on behalf of third parties	-	-	-
D, Total amount of other GPM’s	-	-	-
i, Total amount of GPM’s given on behalf of the majority shareholder	-	-	-
ii, Total amount of GPM’s given to on behalf of other group companies	-	-	-
which are not companies which are not in scope of B and C	-	-	-
iii, Total amount of GPM’s given on behalf of third parties which are not in scope of C	-	-	-
Total	374,683,994	205,812,517	8,455,920

31 December 2021	TRY equivalent	TRY	EUR
A, GPM’s given for companies own legal personality			
- Guarantee ⁽¹⁾	161,067,130	15,007,791	9,663,908
- Pledge	-	-	-
- Mortgage	-	-	-
B, GPM’s given on behalf of fully consolidated companies	-	-	-
C, GPM’s given for continuation of its economic activities on behalf of third parties	-	-	-
D, Total amount of other GPM’s	-	-	-
i, Total amount of GPM’s given on behalf of the majority shareholder	-	-	-
ii, Total amount of GPM’s given to on behalf of other group companies	-	-	-
which are not companies which are not in scope of B and C	-	-	-
iii, Total amount of GPM’s given on behalf of third parties which are not in scope of C	-	-	-
Total	161,067,130	15,007,791	9,663,908

⁽¹⁾ Represents the guarantee letters provided, The Group provided guarantee letters to the Energy Market Regulation Authority and financial institutions. The details of these guarantee letters are as follows:

The ratio of other GPMs given by the Group to the Group's equity is 0% as of 31 December 2022 (31 December 2021: 0%).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Conditional Liabilities, Guarantee, Pledge, Mortgage, Bail and other (Continued)

	31 December 2022		31 December 2021	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Letter of guarantees - TRY	205,812,517	205,812,517	15,007,791	15,007,791
Letter of guarantees - EUR	8,455,920	168,871,477	9,663,908	146,059,339
Total		374,683,994		161,067,130

d) Letters of guarantee and collateral bills received

The letters of guarantee and collateral bills received consist of guarantee letters received from the responsible entity for imbalance and subcontractors related to Taşpınar WPP. The details of the Group's letters of guarantee and collateral bills are as follows:

	31 December 2022		31 December 2021	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Guarantee letter – TRY	177,443,945	177,443,945	20,000,000	20,000,000
Guaranteed bill - TRY	10,000	10,000	40,000	40,000
Total		177,453,945		20,040,000

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS

Short-term provision for employee benefits:

	31 December 2022	31 December 2021
Provision for unused vacation	1,955,359	1,228,708
	1,955,359	1,228,708

The movements of the provisions for the unused vacations is as follows:

	2022	2021
1 January 2022	1,228,708	684,972
Period cost	767,925	588,802
Payments	(41,274)	(45,066)
31 December 2022	1,955,359	1,228,708

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

Long-term provision for employee benefits:

	31 December 2022	31 December 2021
Provisions for employment termination benefits	4,077,838	1,692,950
	4,077,838	1,692,950

Except for the following legal obligations of the Group in Turkey. The Group does not have any pension commitments.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 December 2022, the maximum amount payable equivalent to one month of salary is TRY17,905 (31 December 2021: TRY8,249) for each year of service. The retirement pay provision ceiling TRY17,905 which is effective from 1 January 2023, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2021: 1 January 2022: TRY10,849).

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

The standard TAS 19 "Employee Benefits" envisages the development of actuarial valuation methods in order to estimate the provision of severance pay. Accordingly, the following actuary estimations were used in the calculation of the provision.

The main assumption is that the maximum liability amount for each year of service will increase in parallel with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, in the accompanying financial statements as of 31 December 2022, the provisions are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Discount rate applied as 10.60% ⁽¹⁾ (31 December 2021: 20.22%), inflation rate is applied as 9.90% (31 December 2021: 15.90%) and increase in wages applied as 9.90% (31 December 2021: 15.90%) in the calculation ⁽²⁾.

Age of retirement is based on considering the Group's historical average age of retirement;

- ⁽¹⁾ The gross discount rate used for calculation of the severance payment liability is determined by considering Government Bond with 10 years' maturity compound interest rate and the swap rates with 10-15 years maturity. Based on this, the net discount rate was determined as 0.64% (31 December 2021: 3.73%).
- ⁽²⁾ Calculation of employee termination benefits are determined by considering the 2023 inflation rate reports of the Central Bank of Republic of Turkey.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

Long-term provision for employee benefits: (Continued)

The movement of provision for employment termination benefits within the period is as follows:

	2022	2021
1 January 2022	1,692,950	896,894
Service cost	313,976	233,117
Interest cost	321,731	109,859
Payments during the period (-)	(7,404)	(131,678)
Payment/reduction of benefits/dismissal (gain)/losses	-	5,337
Actuarial loss/(gain)	1,756,585	579,421
31 December 2022	4,077,838	1,692,950

Payables related to employee benefits:

	31 December 2022	31 December 2021
Social security premiums payable	535,567	236,369
Payables to personnel	3,588,550	1,012,935
	4,124,117	1,249,304

NOTES 13 - PREPAID EXPENSES

Short-term prepaid expenses

	31 December 2022	31 December 2021
Prepaid expenses (**)	11,870,084	6,769,361
Advances given	1,738,876	84,000
	13,608,960	6,853,361

Long-term prepaid expenses

	31 December 2022	31 December 2021
Advances given (*)	72,983,412	67,493
Prepaid expenses (**)	24,356,379	18,745,061
	97,339,791	18,812,554

(*) It includes advances paid for the “Taşpınar Combined Renewable Electricity Production Facility (Solar Power Plant Addition) Project” planned to be made by our company in Korubaşı Mahallesi/Nilüfer/Bursa.

(**) TRY2,271,773 in short-term prepaid expenses and TRY16,232,283 in long-term prepaid expenses of the related balances include prepaid insurance fees for a 10-year-term new loan amounting to EUR 20,000,000 used from abroad in 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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NOTE 14 - OTHER ASSETS

Other current assets

	31 December 2022	31 December 2021
Value added tax (“VAT”) (*)	74,241,563	137,871,497
Job advances	67,356	64,109
Other	26,419	25,001
	74,335,338	137,960,607

Other non-current assets

	31 December 2022	31 December 2021
Value added tax (“VAT”) (*)	-	106,489,523
	-	106,489,523

(*) According to the merger transaction, which was approved at the Extraordinary General Assembly meeting dated 26 July 2019 and registered on 30 July 2019; the Group took over D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım") in accordance with the relevant articles of Turkish Commercial Code and Corporate Tax Law, VAT amounts in other current and other non-current assets comprise of VAT receivables that D Yapım was charged but not deducted until the merger date, VAT amount which was classified as long-term under other non-current assets, is calculated by taking into account the VAT amounts that will arise as a result of the cash flows projected by the Group over a one-year term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 15 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2022		31 December 2021	
	Notional amount	Currency	Fair value asset	Fair value asset
Cross currency and interest swap	168,567,920	TL	65,081,022	46,233,133
			65,081,022	46,233,133

(*) The Group has used derivative instruments for some of its loans in other currencies in order to avoid financial risk as it earns USD indexed income within the scope of YEKDEM. The Group has a cross currency and interest swap transaction with a maturity date of 31 July 2029 in return for the loan with a nominal amount of EUR 8,455,920 (TRY168,567,920) with equal principal repayment every 6 months. The Group also enters into forward contracts with a maturity of less than one month to eliminate foreign exchange risk and to raise foreign currency funds for equipment to be imported from abroad for new investments. The fair value of these contracts as of 31 December 2022 is TRY 65,081,022 (31 December 2021: TRY 46,233,133).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 16 - EQUITY

Paid Capital:

The ultimate shareholders of the Group are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V, Doğan Boyner and Y, Begümhan Doğan Faralyalı). The shareholders of the Group and the historical values of shares in equity at 31 December 2022 and 31 December 2021 are as follows:

Shareholder	Share (%)	31 December 2022	Share (%)	31 December 2021
Doğan Şirketler Grubu Holding A.Ş.(1)	70.00	374,354,018	73.12	391,054,018
Publicly traded on Borsa İstanbul (2)	30.00	160,437,440	26.88	143,737,440
Nominal equity	100	534,791,458	100	534,791,458

- (1) The Doğan Group of Companies sold 16,300,000 shares, representing approximately 3.05% of the holding company’s capital, to local and foreign institutional investors on Borsa Istanbul through block sales on December 22, 2022.
- (2) In accordance with the “CMB” Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 160,025,864 shares corresponding to 29.92% of Galata Wind's capital are outstanding as of 21 February 2023 based on the Central Security Depository’s (“CSD”) records.

Capital Markets Board decision no, 79/1618 dated 31/12/2021 approves Doğan Holding A.Ş.’s takeover of Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş, by way of a facilitated merger, resulting in Doğan Holding A.Ş, holding 100% of the shares. The merger process is ongoing as of the date of report signing and it has been registered.

The Group’s authorized share capital consist of 53,479,145,765 shares with a nominal value of 1 per share (31 December 2021: 53,479,145,765 shares).

Share premiums/ (discounts)

This account represents the differences that occur when the carrying amount of the net assets of the entities, acquired in a business combination transaction involving entities under common control, exceeds the transferred price at the date of the merger.

	31 December 2022	31 December 2021
Share premiums	4,000,000	4,000,000
Total	4,000,000	4,000,000

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with TCC and TPL.

General Statutory Legal Reserves are reserved in accordance with the Article 519 of Turkish Commercial Code and used in accordance with the principles set out in this article. The afore-mentioned amounts should be classified in “Restricted Reserves” in accordance with the TAS.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 16 - EQUITY (Continued)

The details of restricted reserves as of 31 December 2022 and 2021 as follows:

	31 December 2022	31 December 2021
Restricted Reserves	42,350,942	25,773,899
Total	42,350,942	25,773,899

Other Comprehensive Income and Losses that will not be Reclassified in Profit or Loss

The Group’s actuarial losses of defined benefit plan that aren’t reclassified in accumulated other comprehensive income and expenses are summarized below:

i. Actuarial gains (losses) on defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. The Group recognised all actuarial gains and losses in other comprehensive income, Remeasurement gain on defined benefit plans amounting to TRY1,384,231 is accounted under shareholders’ equity (31 December 2021: TRY21,037).

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; “Capital, Emission Premiums, General Statutory Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves” are carried at carrying value in the statement of financial position and their adjusted values based on inflation are collectively presented in equity accounts group.

In accordance with the CMB regulations, “Issued capital”, “Restricted Reserves” and “Share Premiums” shall be carried at their statutory amounts. The valuation differences resulted due to the inflation adjustment shall be disclosed as follows:

- If the difference is due to the “Issued Capital” and has not yet been transferred to capital, it should be classified under “Capital adjustment difference”;
- If the difference is due to “Restricted Reserves” and “Share Premium” and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under “Retained Earnings/(Losses)”.

Other equity items are carried at the amounts valued in accordance with TAS.

Capital adjustment differences have no other use than to be included to the share capital.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 16 - EQUITY (Continued)

Dividend Distribution

The Group decides to distribute dividend and makes dividend distribution in accordance with the Turkish Commercial Code (“TCC”), Tax Legislations; other related statutory legislation and Articles of Association and Resolutions of General Assembly.

At the general shareholders meeting of the Group on 23 March 2022 the following legislation was considered; the Turkish Commercial Code (“TCC corporate tax, income tax and other relevant legal legislation and the legislation relevant to the Main Agreement of the Group.

According to the audited consolidated financial statements for the period 1 January 2021 - 31 December 2021 that are prepared in accordance with the Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight, Accounting and Auditing Standards Board (POA), when “Deferred Tax Expense” and “Tax Expense for the Period” are considered together, a “Net Profit for the Period” amounting to TRY170,912,859 was observed, After the “General Legal Reserve” amounting to TRY6,969,568.02 was deducted, a “Net Distributable Period Profit” of TRY163,943,290.98 was calculated, which is in line with paragraph (1) of Article 519 of the TCC.

In the Legal Statutory Records (“Statutory Records”) for the period 1 January 2021 - 31 December 2021, kept as per tax legislation and prepared as per the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, after “Tax Expense for the Period” was allocated, a “Net Period Profit” of TRY139,391,360.37 was calculated; after the “General Legal Reserve” amounting to TRY6,969,568.02 was deducted, a “Net Distributable Period Profit” amounting to TRY132,421,792.35 was observed which was calculated as per paragraph (1) of Article 519 of the TCC.

The first dividend of TRY 132,421,792.35, which is 5% of the issued capital, will be allocated from the 2021 “Net Distributable Period Profit” of TRY 26,739,572.88 which is in the legal accounting records.

As per paragraph (c) of article 519 of the Turkish Commercial Code, after the "General Legal Reserve" of TRY9,607,474.50 is allocated, a second dividend of TRY96,074,744.97 will be allocated by including the entire net distributable period profit in the allocation.

In addition, from the amount included in the "Extraordinary Reserves" account, which is TRY 27,185,682.15, the Central Registry Agency A.Ş. In accordance with the rules, a total of 28.05% of the "Issued Capital" will be distributed gross TRY150,000,000 dividends, a net cash dividend of TRY135,000,000 will be distributed and the dividend distribution will start on 31 August 2022 at the latest.

As per the Public Oversight Accounting and Auditing Standarts Authority (“POAAS”) and Capital Market Board of Turkey (“CMB”) regulations, after the above-mentioned legal reserves were allocated in the consolidated financial statements prepared in line with TAS and TFRS, non-distributed profit of TRY31,521,498.63 will be recognised under “Previous Years’ Profit or Loss”.

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NOTE 17 - REVENUE AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Electricity sales from wind energy	1,037,855,399	457,260,206
Electricity sales from solar energy	115,778,539	61,973,256
Gain of sales of carbon emission certificate rights ^(*)	33,475,585	18,278,665
Roof solar system installation	43,898	2,271,418
Other	118,407	442,732
Sales proceeds	1,187,271,828	540,226,277
^(*) Wind and solar power plants generate electricity from renewable energy sources and receive emission certificates because they do not emit greenhouse gasses into the environment. The corresponding revenues come from the sale of the acquired certificate rights. By December 31, 2022, 287,980 tons of emission certificates had been sold (December 31, 2021: 910,123 tons).		
	1 January - 31 December 2022	1 January - 31 December 2022
General production expenses	(117,010,174)	(64,768,263)
<i>Repair and maintenance expenses ^(*)</i>	(75,843,954)	(35,338,802)
<i>Distribution and system usage fees ^(**)</i>	(41,166,220)	(29,429,461)
Amortization and depreciation expense	(63,768,330)	(62,366,765)
Insurance expenses	(9,432,782)	(4,602,988)
Personnel expenses	(6,172,444)	(3,036,517)
Consultancy expenses	(5,636,041)	(3,231,189)
Security expenses	(5,140,930)	(3,120,706)
Cost of roof solar system installation	(16,327)	(1,496,212)
Other	(6,292,050)	(2,744,109)
Cost of sales	(213,469,078)	(145,366,749)
Gross profit	973,802,750	394,859,528

^(*) Includes annual maintenance expenses for turbines.

^(**) Distribution and system usage fees paid based on the annual generation at the tariff defined by EPIAŞ.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 18 - OPERATING EXPENSES

a) General Administrative Expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	(15,346,713)	(11,827,915)
Consultancy expenses (*)	(2,646,046)	(9,133,405)
Rent expenses	(2,450,762)	(615,090)
Transportation expenses	(807,754)	(131,937)
Depreciation and amortization expenses	(606,307)	(570,849)
Various taxes	(95,027)	(334,554)
Other	(2,760,409)	(1,305,070)
	(24,713,014)	(23,918,820)

^(*) For the period ended 31 December 2021, the majority of the amounts is due to IPO expenses and other advisory services.

b) Marketing Expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Consulting expenses	(5,195,118)	(3,094,152)
Personnel expenses	(4,847,326)	(2,405,215)
Transportation expenses	(163,207)	(64,602)
Depreciation and amortization expenses	(203,035)	(224,347)
Other	(475,759)	(246,196)
	(10,884,445)	(6,034,512)

NOTE 19 - EXPENSES BY NATURE

Expenses are presented functionally for the periods ended 31 December 2022 and 2021, the details are given in Note 17 and Note 18.

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The description of the Group's fees for services rendered by independent audit firms, prepared in accordance with the resolution of the Board of Directors of POA published in the Official Gazette of March 30, 2021 and in accordance with the preparation principles based on the letter of POA dated August 19, 2021, is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for the reporting period	330,293	378,850
	330,293	378,850

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

a) Other income from operating activities

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gain from operating activities	144,048,324	53,124,901
Interest income	25,450,226	2,800,067
Other	12,319,580	4,042,819
	181,818,130	59,967,787

b) Other expenses from operating activities

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange loss from operating activities	(6,830,914)	(8,028,707)
Donation and grants (*)	(5,747,506)	(449,933)
Lawsuit provision	(553,844)	(333,215)
EMRA provision	-	(10,406,835)
Other	(337,615)	(319,126)
	(13,469,879)	(19,537,816)

(*) As of December 31, 2022, the balance of TL 5,000,000 relates to the donation to Aydın Doğan Foundation.

NOTE 21 – FINANCE INCOME AND EXPENSES, NET

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange loss/(gain) from bank borrowings, net	(129,037,925)	(172,408,744)
Interest expense on bank borrowings	(50,608,875)	(39,618,971)
Derivative transaction expense	19,216,105	11,671,843
Interest expense related to lease liabilities	(3,242,074)	(3,129,918)
Bank commission expenses	(2,142,536)	(1,914,320)
Other	(5,390,564)	(3,584,302)
	(171,205,869)	(208,984,412)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 22 - TAXATION ON INCOME

	31 December 2022	31 December 2021
Current income tax expense	104,817,056	42,749,876
Less: Prepaid taxes	(99,040,980)	(21,818,577)
Total tax (liabilities)/ asset	5,776,076	20,931,299

Corporate tax is payable on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate of 25% over their corporate income and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end. Advance taxes paid in the period are offset against the following period's corporate tax liability. If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

The Corporate Tax Law amendment promulgated in Official Gazette No, 31462 dated 22 April 2022, states the tax rate on corporate earnings shall be 25% for 2022 and 23% for 2021, and the corporate tax rate of the Company is as 23% as at 31 December 2022 (31 December 2021: 25%). Article 35 of Law No, 7256 and Corporate Tax Law With the provision added to Article 32, it is stated that the corporations whose shares are offered to the public at a rate of at least 20% for the first time in Borsa Istanbul Equity Market will be offered with a discount of 2 points for the corporate tax rate for 5 accounting periods, starting from the accounting period in which they are first offered to the public. As of April 22, 2021, the company's corporate tax rate has been calculated over 21%. As per this law, deferred tax assets and obligations were calculated in the financial statements dated 31 December 2022, applying a tax rate of 25% for temporary differences' portion to lead to tax effects in 2022 and 2021, and at 20% for the portion to lead to tax effects in 2023.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed as a result of another tax assessment.

Deferred income taxes

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the Turkish Financial Reporting Standards. The temporary differences arise due to accounting treatments made in different reporting periods based on the applicable tax laws and the transfer of financial losses.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the statement of financial position dates which are disclosed in the table and explanations above.

Deferred tax assets and liabilities are presented in net in the consolidated financial statements of the Group, since they are presented in net in the financial statements of subsidiaries, which are each individual tax payers. Temporary differences, deferred tax assets and deferred tax liabilities at the table below are presented based on gross amounts.

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NOTE 22 - INCOME TAXES (Continued)

Deferred income taxes (Continued)

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2022 and 2021 using the enacted tax rates are as follows.

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net differences between the tax base and carrying values of property, plant and equipment	(787,515,612)	403,677,741	157,503,122	(80,735,548)
Lease liabilities	(15,555,088)	(15,883,743)	3,111,018	3,176,749
Right of use asset	10,443,901	11,338,930	(2,088,780)	(2,267,786)
EMRA claim provision	(10,406,835)	(10,406,835)	2,081,367	2,081,367
Derivative instrument	65,081,022	-	(13,016,204)	-
Exchange rate effects on monetary liabilities	(913,867)	(12,371,342)	182,773	2,474,268
Loan interest accrual adjustment	(2,321,253)	(1,113,529)	464,251	222,706
Provision for employment termination benefits	248,226	4,225,280	(49,645)	(887,309)
Exchange rate effects on monetary assets	-	(1,408,812)	-	397,646
Provision for lawsuit	(1,169,349)	(615,505)	233,870	129,256
Other	(1,955,359)	(1,228,708)	412,414	301,733
Deferred tax asset / (liabilities), net			148,834,186	(75,106,918)

Conclusions of netting has been reflected to consolidated statement of financial position of Galata and its subsidiaries which are separate taxpayer companies, have booked their deferred tax assets and liabilities by netting in their financial statements that were prepared in accordance with the TAS. Temporary differences and deferred tax assets and liabilities shown above have been prepared on the basis of gross values.

Movements for net deferred taxes for the periods ended at 31 December 2022 and 2021 are as follows:

Deferred tax liability	2022	2021
Opening balance as of 1 January	(75,106,918)	(96,836,557)
Recognised under profit or loss statement	223,589,787	21,613,755
Recognised under equity	351,317	115,884
Closing balance as of 31 December	148,834,186	(75,106,918)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 22 - INCOME TAXES (Continued)

The taxes on income reflected to statement of profit or loss for the periods ended 31 December 2022 and 2021 are summarized below:

	1 January - 31 December 2022	1 January - 31 December 2021
Income tax expense (*)	(114,981,525)	(47,052,651)
Deferred tax (expense)/income	223,589,787	21,613,755
Total tax expense	108,608,262	(25,438,896)

(*) Includes tax amounting to TRY 10,134,436 paid for tax base increase pursuant to the Restructuring Law No, 7326.

The reconciliation of the taxation on income in the statement of profit or loss for periods ended 31 December 2022 and 2021 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	31 December 2022	31 December 2021
Profit before tax	953,347,673	196,351,755
Tax rate of 21% (31 December 2021: 23%)	(196,423,011)	(45,160,904)
Tax effect of fixed assets revaluation (*)	317,688,414	23,460,813
Prepaid tax for revaluation of fixed assets	(10,134,436)	-
Exceptions and deductions	1,524,203	389,371
Effect of tax rate changes	9,409,863	1,314,919
Non-deductible expenses	(3,533,637)	(1,246,763)
Gökova license fee	(6,942,677)	-
Tax base increase	-	(4,302,775)
Other	(2,980,457)	106,443
Tax expense recognized in statement of profit or loss	108,608,262	(25,438,896)

(*) The Group has revalued its tangible assets, taking into account the increase rate of the Domestic Purchase Price Index, pursuant to the "Law on the Restructuring of Certain Receivables and Amendments to Some Laws" dated 3 June 2021 and numbered 7326. The differences arising from this valuation have been recorded in the statutory accounting records. However, the valuation difference recognised is an inflation indexing method, it is not a suitable method for the TFRS revaluation model, as the increase in value calculated by indexing will not serve the fair value within the scope of TFRS 13. The Group continues to account for the relevant tangible using the historic cost method in its TFRS financial statements. Accordingly, deferred tax income resulting from the reduction of temporary differences between statutory accounting and TFRS as a result of such revaluation is recognized in the consolidated statement of profit or loss. For the period ended 31 December 2022, the deferred tax income effect is TRY317,688,414.

NOTE 23 - RELATED PARTY DISCLOSURES

As of the date of consolidated statement of financial position, due from and to related parties and related party transactions for the periods ending 31 December 2022 and 2021 are disclosed below:

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

i) Related party balances

	31 December 2022				31 December 2021			
	Receivable		Payable		Receivable		Payable	
	Current Trade	Short-term Other receivables	Current Trade		Current Trade	Short-term Other receivables	Current Trade	
Related party balances								
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (1)	-	-	551,452	-	-	-	-	70,092
Aytemiz Akaryakıt Dağıtım. A.Ş. (2)	-	-	24,319	-	-	-	-	10,783
Suzuki Motorlu Araçlar Pazarlama A.Ş.	-	-	2,454	-	-	-	-	706
D-Market Elektronik Hizm. Tic. A.Ş. (3)	-	-	5,121	-	-	-	-	5,566
Doğan Trend	-	-	1,676	-	-	-	-	-
Begünhan Doğan Faryalı	-	-	-	-	542,800	-	-	-
Boyabat Elektrik Üretim ve Ticaret A.Ş.	1,121	-	-	-	236	-	-	-
Aslancık Elektrik Üretim A.Ş.	721	-	-	-	235	-	-	-
	1,842	-	585,022	-	543,271	-	-	87,147
(1) Financial, legal, information technology and other consultancy service purchases and overhead bills such as vehicle and office rent, cleaning, heating and building maintenance,								
(2) Payables related to purchase of fuel oil,								
(3) Warehouse rent expenses,								

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

i) Related party balances (Continued)

Short-term portions of long-term lease liabilities from related parties

	31 December 2022	31 December 2021
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (*)	304,868	408,733
	304,868	408,733

(*) Represents the lease liabilities recognised in accordance with TFRS 16 standard.

Long-term lease liabilities to related parties:

	31 December 2022	31 December 2021
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (*)	352,381	641,965
	352,381	641,965

(*) Represents the lease liabilities recognised in accordance with TFRS 16 standard.

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

ii) Related party transactions

Transactions with related parties	1 January – 31 December 2022			1 January – 31 December 2021		
	Purchases of	Goods and services	Sales of	Financial	Purchases of	Financial
	Goods and services		Goods and services	Expenses	Goods and services	Expenses
Aydın Doğan Vakfı (1)	5,000,000	-	-	-	-	-
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş.(2)	3,333,590	-	-	-	1,306,274	735,928
Doğan Trend Otomotiv Ticaret Hizmetve Teknoloji A.Ş.	355,251	-	-	-	244,368	-
Suzuki Motorlu Araçlar Pazarlama A.Ş.	744,391	-	-	-	-	-
Doğan Burda Dergi Yayıncılık A.Ş.	467,843	-	-	-	197,500	-
Aytemiz Akaryakıt Dağıtım. A.Ş.	473,765	-	-	-	-	-
D-Market Elektronik Hizm. Tic A.Ş.	154,874	-	-	-	-	-
Doğan Şirketler Grubu Holding A.Ş.	100,692	-	-	-	540,125	1,665,745
D Yatırım Bankası A.Ş.	-	-	-	275,938	-	-
Öncü Girişim SermayesiYatırım Ortaklığı A.Ş.	-	-	-	-	-	3,845,977
Other	7,169	6,117	-	-	541,606	463,726
	10,637,575	6,117	275,938	2,829,873	2,865,399	3,845,977

(1) Consist of donation expenses

(2) Financial, legal, information technology and other consultancy service purchases and overhead bills such as vehicle and office rent, cleaning, heating and building maintenance.

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided for the key management

The key management team of the Group is made up of members of the Board of Directors, General Manager, Deputy General Manager and directors. Benefits provided for the key management members within the period are as the follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Salaries and other short term benefits	8,107,356	7,662,341
	8,107,356	7,662,341

NOTE 24 - FINANCIAL INSTRUMENTS

Financial investments

Short term financial investments

Group’ financial assets of the classified under short-term financial investments are as follows:

Assets recorded at fair value in other comprehensive income:	31 December 2022	31 December 2021
Private sector bonds (*)	76,299,442	-
Total	76,299,442	-

(*) The Group has purchased two short-term private sector bonds with a total nominal value of USD 2,500,000 and USD 1.500.000 on 29 September 2022 and 14 October 2022, respectively.

Long term financial investments

	31 December 2022		31 December 2022	
	TRY	%	TRY	%
Enerji Piyasaları İşletme A.Ş.	100.000	<1	100.000	<1
	100.000		100.000	

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NOTE 25 - EARNING/LOSS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Net profit for the period attributable to equity holders of the Parent Company	1,050,898,611	170,912,859
Weighted average number of shares with face value of TRY 1 each	53,479,145,765	53,479,145,765
Earning per Share	1,952	0,320

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks; these risks are credit risk, market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in a limited manner to hedge these exposures.

a) Market risk

a.1) Foreign currency risk

The Group is exposed to foreign currency risk due to conversion of its foreign currency denominated liabilities to local currency. This risk monitored and limited by analyzing foreign currency position.

The Group is exposed to foreign exchange risk arising primarily from the USD and EUR.

	31 December 2022	31 December 2021
Foreign currency assets	137,975,305	158,895,716
Foreign currency liabilities	(522,183,438)	(438,262,053)
	(384,208,133)	(279,366,337)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2022

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency position

The table below summarizes the foreign currency position risk of the Group as of 31 December 2022 and 2021. The carrying amounts of foreign currency assets and liabilities held by the Group in terms of foreign currencies (in terms of TRY) are as follows:

		31 December 2022		
		TRY Equivalent (Functional currency)	USD	EUR
1.	Trade receivables	-	-	-
2a.	Monetary financial assets	137,975,305	7,365,572	171
2b.	Non-monetary financial assets	-	-	-
3.	Other	-	-	-
4.	Current assets (1+2+3)	137,975,305	7,365,572	171
5.	Trade receivables	-	-	-
5a.	Monetary financial assets	-	-	-
5b.	Non-monetary financial assets	-	-	-
7.	Other	-	-	-
8.	Non-current assets (5+6+7)	-	-	-
9.	Total assets (4+8)	137,975,305	7,365,572	171
10.	Trade payables	10,764,853	322,169	236,845
11.	Financial liabilities	67,109,605	-	3,360,386
12a.	Other monetary liabilities	-	-	-
12b.	Other non-monetary liabilities	-	-	-
13.	Short term liabilities (10+11+12)	77,874,458	322,169	3,597,231
14.	Trade payables	-	-	-
15.	Monetary liabilities	444,308,980	-	22,247,931
16a.	Other monetary liabilities	-	-	-
16b.	Other non-monetary liabilities	-	-	-
17.	Long term liabilities (14+15+16)	444,308,980	-	22,247,931
18.	Total liabilities (13+17)	522,183,438	322,169	25,845,162
19.	Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-
19a.	Off-balance sheet foreign currency derivative assets	-	-	-
19b.	Off-balance sheet foreign currency derivative liabilities	-	-	-
20.	Net foreign currency asset/(liability) position (9-18+19)	(384,208,133)	7,043,403	(25,844,992)

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency position (Continued)

		31 December 2021		
		TRY Equivalent (Functional currency)	USD	EUR
1.	Trade receivables	-	-	-
2a.	Monetary financial assets	158,895,716	4,612,219	6,457,306
2b.	Non-monetary financial assets	-	-	-
3.	Other	-	-	-
4.	Current assets (1+2+3)	158,895,716	4,612,219	6,457,306
5.	Trade receivables	-	-	-
5a.	Monetary financial assets	-	-	-
5b.	Non-monetary financial assets	-	-	-
7.	Other	-	-	-
8.	Non-current assets (5+6+7)	-	-	-
9.	Total assets (4+8)	158,895,716	4,612,219	6,457,306
10.	Trade payables	3,810,832	186,669	94,558
11.	Financial liabilities	49,712,999	-	3,289,224
12a.	Other monetary liabilities	-	-	-
12b.	Other non-monetary liabilities	-	-	-
13.	Short term liabilities (10+11+12)	53,523,831	186,669	3,383,782
14.	Trade payables	-	-	-
15.	Monetary liabilities	384,738,222	-	25,455,920
16a.	Other monetary liabilities	-	-	-
16b.	Other non-monetary liabilities	-	-	-
17.	Long term liabilities (14+15+16)	384,738,222	-	25,455,920
18.	Total liabilities (13+17)	438,262,053	186,669	28,839,702
19.	Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-
19a.	Off-balance sheet foreign currency derivative assets	-	-	-
19b.	Off-balance sheet foreign currency derivative liabilities	-	-	-
20.	Net foreign currency asset/(liability) position (9-18+19)	(279,366,337)	4,425,550	(22,382,396)

The effect of the Group's foreign currency positions in Euro and US Dollars on the net profit/loss and shareholders' equity for the period, assuming a 20% appreciation and depreciation of TRY against foreign currencies and all other variables constant, are stated below:

	31 December 2022		31 December 2021	
	ABD Doları	Avro	ABD Doları	Avro
% 20 Appreciation	26,387,406	(103,229,032)	11,797,631	(67,657,056)
% 20 Depreciation	(26,387,406)	103,229,032	(11,797,631)	67,657,056

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a.2) Interest rate risk

The Group is exposed to interest risk because of its interest generating liabilities. As of 31 December 2022 and 2021, the financial liabilities in the Group mainly consist of fixed rate borrowings.

Interest rate position	31 December 2022	31 December 2021
Financial instruments with fixed rate		
Financial assets		
Banks (Note 4)	658,996,748	158,622,938
Financial investments (Note 24)	76,299,442	-
Financial liabilities (Note 5)	-	197,830,946
Lease liabilities (Note 5)	15,555,088	15,883,743
Financial instruments with floating rate		
Bank borrowings (Note 5)	511,418,585	434,451,221

As of 31 December 2022, if interest rates on Euro denominated borrowings variable rate financial liabilities not protected by interest rate swap transactions had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY 4,970,420 (31 December 2021: TRY3,634,420) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements.

These risks are monitored by limiting the aggregate risk to any individual counterparty (excluding related parties) and receiving collateral when needed.

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

31 December 2022	Trade receivables		Other receivables		Cash on deposit
	Third party	Related party	Third party	Related party	
Maximum net credit risk as of					
31 December 2022	84,126,572	1,842	608,806	-	659,079,070
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are either past due or not impaired					
-Secured portion by guarantees	84,126,572	1,842	608,806	-	659,079,070
B. Book value of restructured otherwise accepted as past due and impaired financial assets					
- Secured portion by guarantees	-	-	-	-	-
C. Net book value of financial assets that are past due and not impaired					
- Secured portion by guarantees	-	-	-	-	-
D. Net book value of the impaired assets					
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The secured part with net worth with collateral etc.	-	-	-	-	-
- Secured portion of the net book value by guarantees etc.	-	-	-	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

31 December 2021	Trade receivables		Other receivables		Cash on deposit
	Third party	Related party	Third party	Related party	
Maximum net credit risk as of					
31 December 2021	83,778,946	543,271	480,847	-	158,919,076
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are either past due or not impaired					
-Secured portion by guarantees	83,778,946	543,271	480,847	-	158,919,076
B. Book value of restructured otherwise accepted as past due and impaired financial assets					
- Secured portion by guarantees	-	-	-	-	-
C. Net book value of financial assets that are past due and not impaired					
- Secured portion by guarantees	-	-	-	-	-
D. Net book value of the impaired assets					
- Past due (gross amount)	511,192	-	-	-	-
- Impairment (-)	(511,192)	-	-	-	-
- The secured part with net worth with collateral etc.	-	-	-	-	-
- Secured portion of the net book value by guarantees etc.	-	-	-	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. Interests to be paid over these obligations are included in the table below. Derivative financial liabilities are based on undiscounted net cash inflows and outflows. Forwards are netted for future transactions that are to be paid gross and are realized by using undiscounted gross cash inflows and outflows.

31 December 2022	Book value	Total Contractual Cash outflow	Less than 3 months	3-12 months	1 - 5 years	More than 5 years
Short-term and long-term						
Financial liabilities (Note 5)	511,418,585	532,481,566	32,438,139	65,681,755	267,681,623	166,652,049
Lease liabilities (Note 5)	15,555,088	108,385,346	97,723	2,917,308	12,153,113	93,217,202
Trade payable to third parties						
Third parties (Note 6)	16,884,666	16,884,666	16,884,666	-	-	-
Trade payables to related parties (Note 23)	585,022	585,022	585,022	-	-	-
Other payables						
To third parties (Note 7)	4,168,083	4,168,083	4,168,083	-	-	-
Payables related to						
employee benefits (Note 12)	4,124,117	535,567	535,567	-	-	-
Other short-term provisions (Note11)	5,539,797	5,539,797	-	5,604,797	-	-
Other long term provisions (Note 11)	6,036,387	6,036,387	-	-	6,036,387	-
Total Liabilities	564,311,745	674,616,434	54,709,200	74,231,860	285,871,123	259,869,251

31 December 2021	Book value	Total Contractual Cash outflow	Less than 3 months	3-12 months	1 - 5 years	More than 5 years
Short-term and long-term						
Financial liabilities (Note 5)	632,282,167	632,994,587	31,237,708	235,445,829	187,502,573	178,808,477
Lease liabilities (Note 5)	15,883,743	111,074,876	74,473	2,847,558	11,708,187	96,444,658
Trade payable to third parties						
Third parties (Note 6)	8,786,647	8,786,647	8,786,647	-	-	-
Trade payables to related parties (Note 23)	87,148	87,148	87,148	-	-	-
Other payables						
To third parties (Note 7)	1,628,182	1,628,182	1,628,182	-	-	-
Payables related to						
employee benefits (Note 12)	1,249,304	1,249,304	1,249,304	-	-	-
Other short-term provisions (Note11)	4,985,953	4,985,953	1,064,479	3,921,474	-	-
Other long term provisions (Note 11)	6,036,387	6,036,387	-	-	6,036,387	-
Total Liabilities	670,939,531	766,843,084	44,127,941	242,214,861	205,247,147	275,253,135

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments are determined by the Group, using available market information and appropriate valuation methodologies for each segment of the Group. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used in the estimation of the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at the period end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature and immateriality of losses on collectability, the fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

Trade receivables are disclosed at their amortized cost using the effective interest rate method and the carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values,

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

The fair value of financial assets and liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices,
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions,
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

Financial assets	31 December 2022	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Derivative instruments held for sale at fair value through profit or loss (Note 15)	65,081,022	-	65,081,022	-
Fair value difference other comprehensive financial reflected in the income statement assets (Note 24)	76,299,442	-	76,299,442	-
Total	141,380,464	-	141,380,464	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	-	-	-	-
Total	-	-	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial assets	31 December 2021	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Derivative instruments held for sale at fair value through profit or loss (Note 15)	46,233,133	-	46,233,133	-
Total	46,233,133	-	46,233,133	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	-	-	-	-
Total	-	-	-	-

As of 31 December 2022 and 2021, the fair value level of derivative instruments in the statement of financial position is Level 2.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the statement of financial position.

Net liabilities/total equity rates at 31 December 2022 and 2021 are as below:

	31 December 2022	31 December 2021
Total liabilities (*)	570,344,942	673,861,188
Less: Cash and cash equivalence	(659,079,070)	(158,919,076)
Net debt	(88,734,128)	514,942,112
Total shareholders' equity	1,890,237,352	997,686,685
Total capital	1,801,503,224	1,512,628,797
Net Debt/Equity Ratio	(4.93%)	34.04%

(*) The amounts are calculated by deducting income tax payable, derivative financial instruments and deferred tax liability accounts from total liabilities.

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(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 27 - SUBSEQUENT EVENTS

The application for capacity increase for Mersin Wind Power Plant in Mut District, Mersin Province, which has been in operation since 2012, was approved with the Letter of Approval by the Energy Market Regulatory Authority dated February 02, 2023, with the number 627884 and notified to the company on February 10, 2023. Thus, the installed capacity of Mersin WPP power plant was increased by 39 MW and changed to 101.7 MWm / 95.85 MWe and included in the production license. As part of the capacity expansion, it is planned to install 6 new turbines at the Mersin WPP, for which the necessary EIA permits have also been issued. Other approval procedures are being pursued at full speed. The new turbines to be installed at the Mersin WPP site are expected to be commissioned in the first half of 2024, once all procedures have been completed.

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