CW Enerji Mühendislik Ticaret ve Sanayi Anonim Şirketi

2023 Activity Report

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End of Year Message from the Chairman of the Board

Dear Investors, Employees and Business Partners,

As we leave 2023 behind, we, as the CW Enerji family, are proud to have completed another year of growth and success with an increase in both capacity and diversification in the field of activity.

We know the importance of energy transformation and the illuminating power of solar energy for our future. Accordingly, as CW Enerji, we have taken great steps to strengthen our mission to contribute to a sustainable energy future. Through the projects we have implemented during the year, we have not only contributed to Türkiye's energy independence but also continued to minimize our environmental impact. I would like to emphasize once again the importance we place on innovation and technology as the CW Enerji family. With the production of eva raw materials, lithium batteries, and energy storage systems, our expanding activities and storage areas, new business agreements, and many turnkey projects, we have further solidified our position in the sector. With our innovative solutions, we aim not only to produce energy but also to use energy more effectively and efficiently. In this way, we are one step closer to our goal of offering our customers a more sustainable future.

One of the most valuable elements behind these successes is, of course, all of you. As part of the CW Enerji family, I thank you for walking this path together. The determination and passion of our employees form the basis of our success. Together, we are proud not only to be a company but also a family leading an energy revolution.

The successes we have achieved in our financial performance shed light not only on the success of a company but also on our goal of increasing Türkiye's strength in the energy sector. I thank you for your contributions to our achievements.

Next year, we will be ready for more innovation, more sustainability, and more growth. With our ongoing projects and strong partnerships, we will continue to contribute to shaping Türkiye's energy future.

Let us continue to walk towards a brighter future together.

I wish you all health and success in 2024.

Best regards,

Tarzan Tarık SARVAN

Chairman of the Board

CW Enerji

1. COMPANY GENERAL INFORMATION

1.1. GENERAL INFORMATION

CW Enerji was established in 2010 in Antalya with the aim of utilizing the knowledge and experience gained by its controlling and founding partner, Tarzan Tarık Sarvan, in Germany, in the renewable energy sector, specifically in the solar energy sector as a photovoltaic panel manufacturer and EPC (turnkey project) company.

The Company, which operates in a total of 6 different locations including Antalya Organized Industrial Zone and Antalya Free Zone, with a total area of approximately 126,000 m2 including 2 storage areas, has reached an annual production capacity of 1.8 GW.

The Company operates in the field of solar energy solutions in addition to industrial installations, also in residential roof installations, on-grid solar energy systems, off-grid battery-supported solar systems, hybrid systems, solar irrigation systems, LED lighting systems, solar camera systems, and EV charging stations.

According to the Fortune 500 Türkiye list determined based on 2022 data, CW Enerji ranks 267th, and according to Türkiye's Largest 500 Industrial Enterprises ISO 500, it ranks 227th in production from sales. In addition to panel production, CW Enerji has also started production of EVA used as raw material in panel production and lithium battery energy storage systems.

1.2. REPORT PERIOD

This Activity Report has been prepared in accordance with the Capital Markets Board's Communiqué on Principles Regarding Financial Reporting in Capital Markets II-14.1, and it is a Management Board Activity Report covering the period from January 1, 2023, to December 31, 2023.

1.3. COMPANY INFORMATION

Trade Name	CW Enerji Mühendislik Ticaret ve Sanayi Anonim Şirketi
Headquarters Address	Antalya Organize Sanayi Bölgesi 1. Kısım Atatürk Bulvarı No:20 Döşemealtı, Antalya
Registered Trade Registry Office	Antalya Trade Registry Directorate
Trade Registry Number	64241
Legal Status	Anonim Şirket
Traded on Stock Exchange/Market	BIST/BIST Star

Trading Symbol	CWENE
Internet Address	www.cw-enerji.com
Telephone /Fax	0 242 229 00 54 / 0 242 229 00 74

1.4. CAPITAL, PARTNERSHIP STRUCTURE, AND PREFERRED SHARES PARTNERSHIP STRUCTURE

The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Board (CMB) and has transitioned to this system with the permission of the CMB dated 29.12.2022 and numbered 77/1867. The Company's registered capital ceiling is 500,000,000 TL, divided into 500,000,000 shares with a par value of 1.00 TL each. The Company's issued capital of 105,000,000 TL was increased to 123,750,000 TL by increasing 18,750,000 TL, all of which are cash, within the registered capital ceiling of 500,000,000 TL, with the decision of the board of directors dated 06.06.2023 and numbered 2023/37, amending the articles of association titled "Capital" of the articles of association, which was registered by the Antalya Trade Registry Office on 19.06.2023 and published in the Turkish Trade Registry Gazette dated 23.06.2023.

The partnership structure of the Company, whose shares started trading on Borsa Istanbul Star Market on May 5, 2023, is as follows.

PARTNERS	SHARE GROUP	Before IPO			After IPO			
		SHARE AMOUNT (TL)	TOTAL SHARE IN CAPITAL (TL)	%	SHARE AMOUNT (TL)	TOTAL SHARE IN CAPITAL (TL)	%	VOTING RIGHTS RATE (%)
TARZAN TARIK SARVAN	A	24.675.000	98.700.000	23,5	24.675.000	88.760.139	71,7	82,0
	B	74.025.000		70,5	64.085.139			
VOLKAN YILMAZ	A	1.575.000	6.300.000	1,5	1.575.000	6.300.000	5,1	5,5
	B	4.725.000		4,5	4.725.000			
OTHER	B	-	-	-	28.689.861	28.689.861	23,2	12,5
Total	A+B	105.000.000	105.000.000	**100**	**123.750.000**	**123.750.000**	**100**	**100**

** Group A shares have the privilege to nominate candidates for the board of directors and to vote at the general assembly. Group B shares do not have any privileges.

CW Enerji summary market information is as follows.

Trading Date on the Exchange	05.05.2023
Traded Market	BIST Star
Indices Included	
National Indices	BIST SERVICES / BIST PARTICIPATION 50 / BIST PARTICIPATION ALL SHARES / BIST 100 / BIST ANTALYA / BIST IPO / BIST PARTICIPATION 30 / BIST STARS / BIST PARTICIPATION 100 / BIST 100-30 / BIST ALL SHARES / BIST ELECTRICITY / BIST 50
Company Sector	ELECTRICITY GAS AND WATER / ELECTRICITY GAS AND STEAM
IPO Price	108,60 TL
Capital	123.750.000 TL
Total IPO Size	30.000.000 Pcs / 3.258.000.000 TL
29.12.2023 Closing Price	271,25 TL
29.12.2023 Market Value	33.567.187.500 TL/ 1.140.259.510 USD

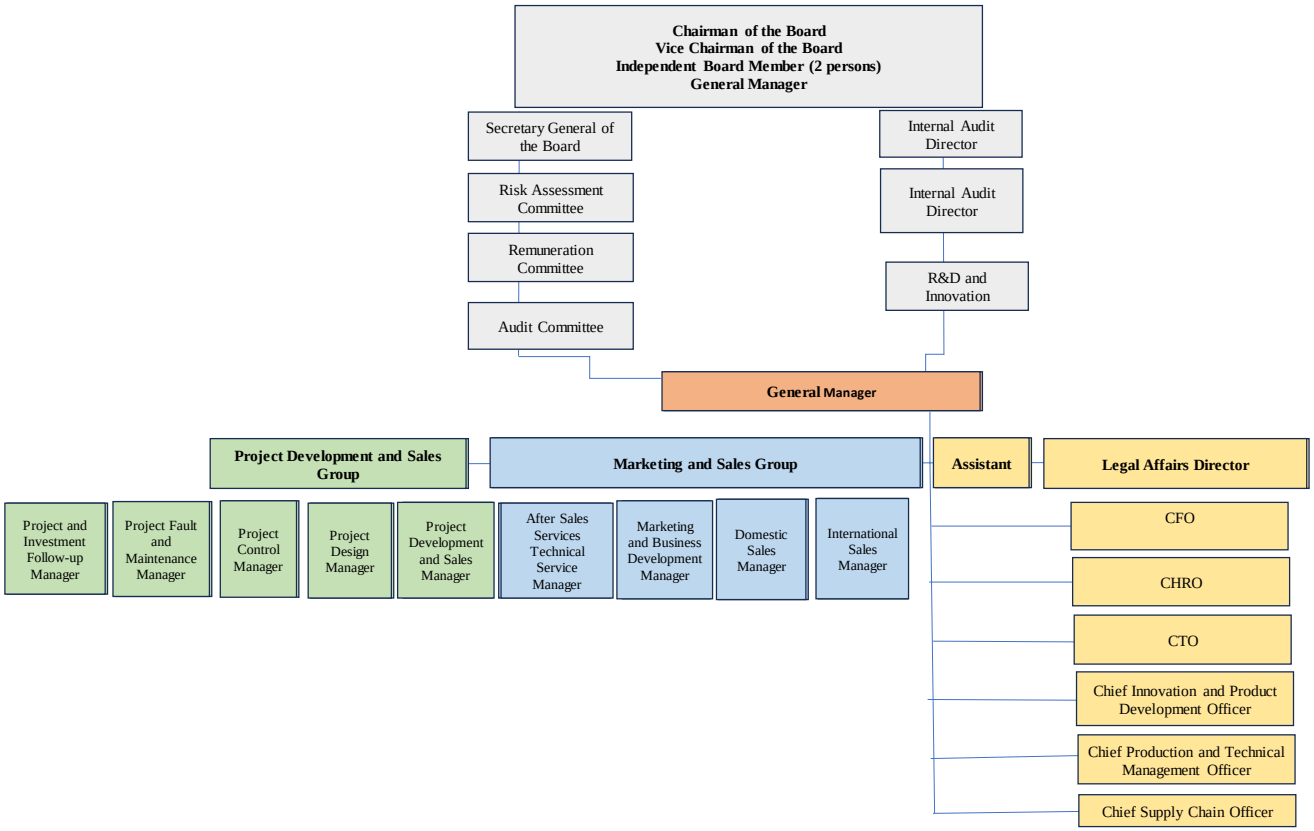
29.12.2023 CBT USD/TL: 29.4382

1.5. COMMITMENT PERIOD FOR NOT SELLING NEW SHARES

With the Board of Directors Decision dated 10.04.2023 and numbered 2023/022, the Company committed that, starting from the date the shares offered to the public by the Company started trading on Borsa Istanbul, for a period of 1 (one) year, no decision would be made to sell or offer the Company's shares in a way that would increase the circulating share amount, including free and paid capital increases, and no application would be made to Borsa Istanbul or the Capital Markets Board (SPK) or any regulatory authority, exchange, or quotation authority for securities abroad, and no statement would be made during this period regarding a future sale or public offering.

In line with the dividend distribution policy adopted by the Board of Directors on 10.04.2023, the Company is committed to, as a principle, in the event of distributable profit in the 2023 fiscal year, to distribute at least 25% of the calculated annual distributable profit for at least 5 years, in cash for the first year; for the remaining 4 years in cash and/or bonus shares, within the framework of the provisions of the CMB and the Turkish Commercial Code (TCC).

1.6. ORGANIZATIONAL STRUCTURE



1.6.1 Board of Directors, Senior Executives and Personnel Information

The Board of Directors of the Company was elected to serve for a period of 3 years at the Extraordinary General Assembly Meeting held on 07.01.2023. The Board of Directors determined the distribution of duties at its first meeting as follows.

The Company's Board of Directors monitors the compliance of the Company's activities with the legislation, articles of association, internal regulations, and established policies, and manages and represents the Company by taking strategic decisions, taking into account the risks, growth, and returns of the Company and its long-term interests.

The Board of Directors held 72 meetings and made 72 decisions during the period from 01.01.2023 to 31.12.2023. Board members regularly attended meetings, and the majority of decisions were made unanimously.

Name Surname	Position	Start Date of Position	End Date of Position
Tarzan Tarık Sarvan	Chairman of the Board	07.01.2023	07.01.2026
Volkan Yılmaz	Vice Chairman of the Board	07.01.2023	07.01.2026
Mücahit Melik Yetim	Board Member	07.01.2023	07.01.2026
Bedrettin Kara	Independent Board Member	07.01.2023	07.01.2026
İsmail Yüksek	Independent Board Member	07.01.2023	07.01.2026

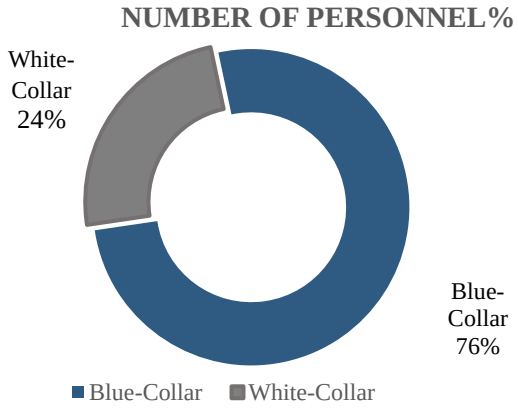
1.6.2. Development and Distribution of the Number of Personnel

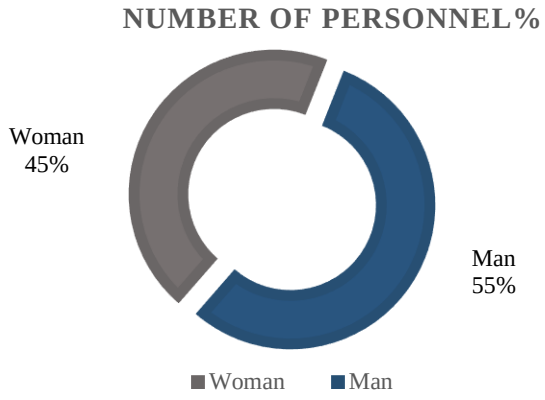
As of December 31, 2023, the number of personnel in the Company is 1,446.

Excluding the members of the Board, the number of personnel at the end of the periods is as follows:

Number of Employees*	31.12.2021	31.12.2022	31.12.2023
	658	1.533	1.446

The total number of personnel in the Company as of December 31, 2023, is 1,446, including 1,099 blue-collar workers and 347 white-collar workers. The distribution of personnel is as follows:





1.6.3. Benefits and Rights Provided to Personnel and Workers

As part of the benefits provided to employees, liabilities amounted to 8,820,337 TL and 4,671,706 TL as of December 31, 2022, and December 31, 2023, respectively.

Company growth targets have led to an increase in the number of employees, resulting in an increase in provisions for severance pay over the years; amounting to 19,999,318 TL as of 31.12.2022 and 31,119,464 TL as of 31.12.2023.

1.7. COMMITTEES ESTABLISHED IN ACCORDANCE WITH TCC, CMB, AND OTHER RELATED LEGISLATION

By the decision of the Company's Board of Directors dated 10.01.2023 and numbered 2023/06;

- Audit Committee
- Risk Assessment Committee
- Corporate Governance Committee

were established, and their duties, working principles, and committee members were determined. Due to the structuring of the Board of Directors, a separate nomination committee and remuneration committee were not formed, and it was decided that the Corporate Governance Committee would fulfill the duties of these committees.

By the decision of the board of directors dated 25.01.2023 and numbered 2023/06, the structures of the Committees were formed as follows:

	Risk Assessment Committee	Audit Committee	Corporate Governance Committee
İsmail YÜKSEK	Chairman	Chairman	Chairman
Bedrettin KARA	Member	Member	Member
Nihan Demirtaş TAYLAN			Member
Özge ONUR			Member

In accordance with the Capital Markets Board Corporate Governance Principles, the authority, duties, and responsibilities for fulfilling the duties of the Nomination Committee and Remuneration Committee were also given to the Corporate Governance Committee. No consultancy services were received from external sources by the Committees throughout the year.

The Corporate Governance Committee and the Risk Assessment Committee meet as often as deemed necessary, while the Audit Committee is planned to meet at least four times a year, at least once every three months. As of 31.12.2023, the Committees held a total of 11 meetings.

The areas of responsibility, working principles, and composition of the Committees were determined by the Board of Directors and disclosed to the public on the Public Disclosure Platform (PDP) and the Company's corporate website.

1.7.1. Corporate Governance Committee

The Corporate Governance Committee was established to meticulously monitor and implement the Company's compliance with corporate governance principles. In this context, the Committee Members

ensured full attendance at meetings and submitted written notifications to the Board of Directors three times in 2023.

1.7.2. Audit Committee

The main objective of the relevant committee operating within the Board of Directors is to ensure the compliance of the Company's accounting system, the disclosure of financial information to the public, and the adequacy of the independent audit and internal control mechanism in accordance with regulations.

The Committee Members ensured full attendance at meetings and submitted written notifications to the Board of Directors five times in 2023.

1.7.3. Risk Assessment Committee

The main purpose of the committee operating within the Board of Directors is to detect potential risks that may endanger the Company's existence, growth, and continuity, to take necessary measures for the effective management of identified risks, and to review risk management systems. Committee Members ensured full attendance at meetings and submitted written notifications to the Board of Directors three times in 2023

Internal Control System and Internal Audit Activities

Within the company, there are Internal Audit Department and Internal Control Department, with the internal audit department consisting of an internal audit manager and internal audit specialists. The Internal Audit Department, which directly reports to the Board of Directors, provides regular reporting to the Board of Directors. By evaluating the effectiveness of the company's Corporate Governance and Internal Control system, the Internal Audit Department provides assurance and advisory services to the board of directors and makes recommendations regarding the audited area. In the Internal Control Department, there are Internal Control engineers, which are attached to the Human Resources Directorate due to the nature of their operations. Routine controls are conducted at control points related to production in the production area. It is aimed to keep the company's activities under control with an effective control mechanism in line with the policies and regulations set by the company. The aim is to increase the efficiency of the company in financial matters and to ensure reliable operation in many points of the company's activities.

1.8. GENERAL ASSEMBLIES AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

With the Ordinary General Assembly Resolution dated 07.01.2023 and numbered 2023/001, the Company's Articles of Association were registered in their approved form by the Capital Markets Board and the Ministry of Trade, a new Board of Directors was elected, independent auditors were selected for the 2023 fiscal year, the amount of attendance fees to be paid to the Board members for the 2023 fiscal year was discussed and approved, and necessary permits and authorizations were granted to Tarık Sarvan and Volkan Yılmaz, members of the Board of Directors, under Articles 395 and 396 of the Turkish Commercial Code.

In accordance with the Capital Markets Board's decision dated 13.04.2023 and numbered 23/476, approved, the Company's issued capital within the registered capital ceiling of 500,000,000 TL was increased to 123,750,000 TL by completely restricting the pre-emption rights of existing shareholders. Accordingly, the amendment to the Company's articles of association under the "Capital and Shares" titled Article 6 was decided. The amendment text including changes to the Articles of Association was approved by the Capital Markets Board with the letter dated 09.06.2023 E-29833736-105.01.01.01-38424. After obtaining the approval of the Ministry of Trade, the amendment to the Articles of Association was registered by the Antalya Trade Registry Directorate on 23.06.2023 and published in the Turkish Trade Registry Gazette numbered 10859 on 23.06.2023.

The Ordinary General Assembly Meeting for the Year 2022 of the Company was held on 29.09.2023. With the Ordinary General Assembly Resolution for the Year 2022, the Board of Directors was separately discharged for the Company's activities in 2022, the independent audit firm selected by the Board of Directors in accordance with the regulations of the Capital Markets Board and the Turkish Commercial Code No. 6102 was approved, it was decided not to distribute the 2022 Balance Sheet Profit of the Company in accordance with the Company's existing Profit Distribution Policy prepared within the framework of the Capital Markets Board regulations, the upper limit for the remuneration of the Board of Directors Members under the "Remuneration Policy" of the Company, and for donations and aids that can be made by the Company in 2023.

The "Distribution Policy", "Disclosure Policy", "Remuneration Policy", "Donation and Aid Policy", and "Fight Against Bribery and Corruption Policy" prepared in accordance with the Corporate Governance Principles by our Board of Directors and accepted within the scope of Corporate Governance Principles were presented to the shareholders for their information and approval at the General Assembly. Information was provided to the shareholders at the General Assembly regarding donations and aids made by the Company in 2022, whether guarantees, pledges, and mortgages ("GPM") were given to the Company's shareholders or third parties, and whether benefits were provided in this way, and transactions conducted with Related Parties during the period from 01.01.2022 to 31.12.2022, within the scope of the Turkish Commercial Code Articles 395 and 396, were approved.

The results of the Ordinary General Assembly Meeting for the Year 2022, held on 29.09.2023, were registered by the Antalya Trade Registry Directorate on 12.10.2023 and published in the Turkish Trade Registry Gazette numbered 10934 on 12.10.2023. General Assembly documents were announced on the Public Disclosure Platform.

https://www.kap.org.tr/tr/Bildirim/1205413

2. BOARD MEMBERS AND SENIOR MANAGEMENT COMPENSATION

Compensation provided to board members and key personnel for services rendered to the company and its affiliates:

Annual Wage Payments (TL)	
Explanation of Payment	**31.12.2023**
Board of Directors Attendance Fees Gross Payments	18.306.213
Total	**18.306.213**

Annual Wage Payments (TL)	
Explanation of Payment	**31.12.2023**
For Key Personnel in Management	6.295.146
Total	**6.295.146**

Provisions for Compensation (TL)	
Explanation of Payment	**31.12.2023**
Provision for Compensation for Other Employees	82.978.079
Total	**82.978.079**

Provisions for Compensation (TL)	
Explanation of Payment	**31.12.2023**
Provision for Compensation for Key Personnel in Management	2.348.002
Total	**2.348.002**

3. COMPANY'S ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO ACTIVITIES

3.1. MAIN ACTIVITY AREAS

The Company has been engaged in the trade of solar energy equipment used in various fields since its establishment and has started manufacturing activities since 2016. The Company's main activity is the production of solar panels. The Company has started production of the Eva raw material used in production and storage systems in addition to solar panel production as of the second half of 2023, closely following developments in the sector.

The Company's sales revenues by main categories are classified in the table below.

NET SALES (TL)	31.12.2022		31.12.2023	
Solar Panel Sales (Off-Project)	5.002.018.047	57%	7.185.791.133	62,5%
Inverter Sales	272.162.536	3%	166.111.351	1,4%
Other Sales *	373.537.175	4%	368.512.593	3,2%
Project Sales (Time Spread) **	3.150.228.654	36%	3.782.872.224	32,9%
TOTAL	**8.797.946.412**	**100%**	**11.503.287.301**	**100%**

**Other sales include revenue from SPP sales and engineering services, scrap sales revenue, incentive revenues, Eva (Ethylene Vinyl Acetate) sales revenue, revenue from lithium batteries and energy storage systems, and non-production-related income items such as technical services.*

***In turnkey projects, project sales include sales of solar panels, inverters, and engineering services, and these sales are spread over time. Project sales are grouped as a basket product consisting of panels, inverters, and services, and progress-based payments are collected.*

3.2. PRODUCTION FACILITIES

Production Facility	Antalya OIZ 3. Zone	Antalya OIZ 1. Zone	Antalya OIZ 3. Zone	Antalya OIZ 3. Zone	Antalya Free Zone	Antalya OIZ 1. Zone
Commissioning Date	2016*	2020	2023	2023	2021	2023
Property Owner	Company	Company	Rental	Rental	Right of building	Company
Indoor Area and	6.747 m2 /	28.230 m2 /	15.589 m2 /	15.367 m2 /	2.492 m2	12.687 m2/
Total Area	7.023 m2	44.734 m2	25.030 m2	26.800 m2		19.966 m2
Function / Activity	EVA Production* and Warehouse	Company Headquarters, Solar Panel Production, R&D and Warehouse	Storage	Storage	Solar Panel Production and Storage	Lithium Battery Production/Assembly Facility and Storage
Production Capacity*	10.7 million m2 / year	Solar Panel: 1.300 MWp / yıl As of 2023/03, machine installation for 1,800 MWp has been completed.	-	-	-	30.240 Pcs / Year

*The facility in Region 3 initially started solar panel production in 2016. With the relocation of this activity to Region 1 in 2020, the Region 3 facility was first used as a warehouse and later restored. As of 2023, it is used for EVA production.

3.3. SOLAR PANEL PRODUCTION AND SALES

The company's main activity and source of income is the production and sale of photovoltaic solar panels.

A solar panel is a system that converts sunlight into electricity through semiconductor silicon cells. The main materials used in the production of solar panels, which are the main components and their final form, are in order of importance; photovoltaic cells, glass, aluminum frame, EVA (front and back), backsheet, ribbon, junction box, silicone, flux, and other materials. These raw materials are sourced through imports from various countries, both domestically and internationally.

In addition to these, other production materials such as backsheet and ribbon are sourced from abroad, while flux and other products can be sourced domestically.

CW Enerji sells solar panels through various channels domestically and internationally. Products below 500 kWp are sold through sales points and retail, while products above 500 kWp are sold to commercial large customers. Some of the sales made domestically are to EPC companies; in addition, sales are made through sales points.

The company's international sales are mainly carried out through its subsidiary CW International. CW Enerji prioritizes the transit of solar panels produced in compliance with quality standards through the facilities over which CW International has operating rights in the Antalya Free Zone for export. However, the company also conducts direct exports from production if suitable conditions arise.

The company holds 29 certificates, facilitating solar panel quality standards and exports.

3.4. EPC SALES

3.4.1. Engineering and Project Planning Services for Investors Who Want to Establish Licensed or Unlicensed Power Plants, Consultancy for Approval, Roof Installation (Turnkey Project Preparation), Technical Maintenance and Repair After Installation

CW Enerji has been providing engineering infrastructure services in the field of turnkey solar energy systems installation (EPC) since 2010. The company also signs post-installation technical service and maintenance contracts in this area.

3.5. SUPPLY AND SALE OF INVERTERS, CHARGE CONTROLLERS, STORAGE SYSTEMS, SOLAR CABLES, INFRASTRUCTURE SYSTEMS, ETC. USED IN SOLAR ENERGY SYSTEMS

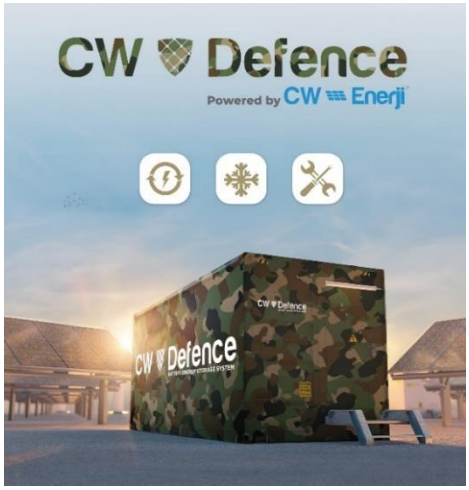
In addition to manufacturing photovoltaic solar panels, the company has the capability and activity to design and create solar energy systems by including all the products that will constitute these systems.

In this regard, the general list of products included in the company's product portfolio is as follows;

GENERAL PRODUCT LIST	
Photovoltaic Solar Panels with Various Power and Technologies	Solar LED Lighting Systems
Off-Grid Inverters	Residential Energy Storage Systems Low Voltage Lithium Batteries
On-Grid Inverter	Industrial Energy Storage Systems High Voltage Cabinet Lithium Batteries
Hybrid Inverters	Solar Power Boxes (Portable)
Irrigation Inverters	Battery Accessories
Irrigation Boards	Heating-Cooling Systems Heat Pumps
Charge Controllers (MPPT)	Vehicle Charging Stations
Inverter Communication and Monitoring Devices	Smart Home Systems
Vineyard House / Caravan Solar Packages	EVA (Ethylene Vinyl Acetate) Material
Boat / Yacht Solar Packages	Defence Industry Solutions CW Defence Products
Micro Inverter Balcony Solar Packages	Solar Connectors and Connection Equipment
Agricultural Irrigation Solar Packages	Solar Infrastructure / Construction Materials (Aluminum / Galvanized)
Carport (Solar Powered Parking Lot) Systems	

3.6. CW DEFENCE PRODUCTS

The company has started offering products and services under the CW Defence brand to the defense industry sector with the aim of developing and producing defense systems using solar energy. CW Defence, which encompasses many products and services such as renewable energy systems, small and large-scale energy storage, power electronics, camera and lighting systems, portable or fixed power stations, irrigation systems, and custom production and application-specific solutions, was registered by the Turkish Patent and Trademark Office on 05.09.2023 to be protected for 10 years. CW Defence aims to be a global technology leader in developing and producing defense systems using solar energy, one of the most important renewable and clean energy sources for land, air forces, and navies, by supporting this energy with next-generation storage systems, offering long-lasting and technological solutions. CW Defence, which has superior skills and experience in photovoltaic system solutions, also includes many products and services such as power electronics, camera and lighting systems, portable or fixed power stations, irrigation systems, and custom production and application-specific solutions.



3.7. UNLICENSED ELECTRICITY GENERATION AND SALES (10 SPPs)

As of 2018, the company acquired 10 affiliated companies with GES through a merger, generating revenue from electricity production; the company has also included the direct sale of these plants as part of its growth model. Details of the solar energy production plants within the company are provided below.

	SPP *	Location	Commissioning Date	Installed Power MWp
1	Feyza SPP	Erzincan	24.01.2018	1,07
2	Fethi SPP	Erzincan	24.01.2018	1,07
3	NZY SPP	Kars	19.01.2018	0,54
4	NZK SPP	Kars	19.01.2018	0,69
5	FG SPP	Kars	19.01.2018	0,54
6	R N SPP	Kars	19.01.2018	0,67
7	Sarılar Solar (Işıklar) SPP	Afyon	12.01.2018	1,04
8	Merthisar SPP	Çankırı	17.08.2018	2,51**
9	Merkür SPP	Tokat	9.11.2018	1,23
10	AYGES SPP	Erzincan	3.12.2018	1,2
			Total	**10,56**

**Excluding the SPP at Ereğli Tarım and the factory roof.*

***There are two separate usage agreements for Merthisar Energy, totaling the added power.*

3.8. CHARGING STATION NETWORK OPERATIONS

The company has obtained a "Charging Network Operator License" valid for 49 years from the Energy Market Regulatory Authority, effective from 09/06/2022, under the "Charging Service Regulation" published in the Official Gazette dated 02.04.2022.

Within the scope of the license, the company can carry out the feasibility, exploration, and installation activities necessary for the installation of electric charging stations throughout Türkiye. The company has completed the installation and commissioning processes and received approval from the Energy Market Regulatory Authority, as of 31.12.2023, the company has a total of 125 electric vehicle charging stations, including 97 AC and 28 DC. The company is the licensee of these charging stations and provides operation certificates to third parties providing space, while the operation of the stations is carried out by the company itself.

3.9. EVA PRODUCTION

Ethylene vinyl acetate (EVA) is defined as a nylon-like substance used on both sides of solar panels, front and back, to adhere glass, cells, and cell backsheet together at 180°C. EVA is a chemical product used in the production of photovoltaic solar panels.

For EVA production, the company restored the old factory building located in Zone 3 of the Antalya Organized Industrial Zone, procured the necessary machinery and equipment, and started serial production as of the first half of 2023. Additional machine orders have been placed for the facility, which started its operations with an initial annual production capacity of 10.7 million m². The machines ordered in the second quarter of 2023 have been installed, and the facility continues trial production for capacity increase.

3.10. PRODUCTION AND SALES OF LITHIUM BATTERIES AND OTHER ENERGY STORAGE SYSTEMS

Energy storage plays a critical role in the development of the renewable energy sector. The company has started serial production in the first half of 2023 in the field of energy storage and lithium battery with the procurement of machinery and equipment.

The aim is to further increase efficiency and cost advantages with the storage of the energy produced. The company has made an investment in a lithium battery production facility adjacent to its existing facilities in Antalya OSB 1st Zone.

3.11. ONGOING and PLANNED INVESTMENTS

- ✓ The Company continues its activities in the installation of electric vehicle charging stations nationwide under the Electric Vehicle Charging Service Regulation published in the Official Gazette No. 31797 dated 02.04.2022, and has reached a volume of 125 electric vehicle charging stations by the end of 2023, including 97 AC and 28 DC stations.
- ✓ Additional USD 2.3 million worth of new machinery orders have been placed for the EVA production line commissioned in the first half of 2023. The machines have completed the procurement process and installation and have started trial production.
- ✓ The machine investment for the modernization and capacity increase of the 1,800 MWp production capacity panel line in the first half of 2023 has been completed with a value of USD 10.3 million, and trial production is in the preparation stage.
- ✓ Expansion works for storage areas for raw materials, produced solar panels, and commercial products are ongoing in line with the increased capacity. Approximately TRY 200 million was spent in 2023.
- ✓ A reinforced concrete factory and real estate property located in Antalya Organized Industrial Zone Section 1 has been purchased for approximately TRY 847 million. In order to meet the medium

and long-term financing needs of the Company and increase liquidity, the said real estate was sold to Ziraat Katılım Bankası A.Ş. through the Sale-Back Lease method, simultaneously leased back, with the ownership to be taken back at the end of the lease period, and financing in this way was provided within the framework of the interests of the company instead of the method of selling assets. Feasibility studies for the investment to be made for the said real estate are ongoing, and details have not yet been finalized as of this report.

- ✓ The investment process for the production of aluminum frames, one of the main raw materials used in panel production, has started. It was announced to the public that, with the approval of the incentive certificate dated 26.03.2024 and numbered 564406 issued by the Ministry of Industry and Technology regarding the investment in aluminum frame production facility by the Company, a total investment incentive certificate of TRY 554,389,070 has been obtained, and a financial leasing agreement totaling 8,000,000 Euros (Eight Million Euros) for 60 months for the purchase of machines has been signed through Yapı Kredi Finansal Kiralama A.Ş., and machine orders have been placed. It is planned to carry out the investment at the real estate located at AOSB 3rd Section Mah. 32. Cad. No:7 Döşemealtı/Antalya, and production is planned to start in the first quarter of 2025.

4. RESEARCH AND DEVELOPMENT ACTIVITIES

CW Enerji shapes all production processes with R&D and Product Development approaches. In this context, the development of innovative and creative approaches is of great importance. Many R&D projects and beneficial model studies supported by own resources or national resources are being carried out to enable the introduction of new technologies into the country's renewable energy capacity. Within the scope of R&D activities, projects are developed in two different groups, namely long-term and short-term. Long-term projects determine the company's future investment area and product group, while short-term projects determine new product, technical, and service areas.

Below are the projects initiated with own resources since 2022 and ongoing in 2023 at our R&D Center.

4.1. Integration of Graphene Oxide-Based Adhesives into Solar Panel Cooling Systems

In this project, adhesives containing graphene oxide with high electrical and thermal conductivity will be developed for cooling systems used to cool solar panels while operating under real environmental conditions, aiming for low-cost and high-performance. The project aims to develop a cost-effective cooling system to ensure the long-lasting and efficient operation of solar panels.

4.2. Production of Interdigitated Back Contact (IBC) Halfcut Panel Prototype and Performance Research

Within the scope of the project, it is aimed to develop a new product, the double-sided IBC halfcut panel, with double-sided IBC cells that have high efficiency and performance among solar cell technologies. Additionally, field tests and performance monitoring will be conducted for the panel in different areas to determine its suitability for different application areas. The project aims to develop and launch a high-performance new product.

4.3. Investigation of Hotspot Mechanisms in Building Integrated Photovoltaics (BIPV) Panels

Under the project, hotspot mechanisms are being investigated in thermal-insulated BIPV facade panels that are currently being tested in the field. Studies are being conducted to determine the origin of hotspots and to develop new methods for their solution. Thermal-insulated BIPV facade panels have great potential in the construction of zero-carbon buildings or the transformation of existing buildings into zero-carbon buildings. The project aims to develop a new thermal-insulated BIPV panel free of hotspots caused by regional shading or soiling.

4.4. Creation of Poly-Si Layer with PVD Technique and Investigation of its Effect on Surface Passivation

Industrially, today, TOPCon (Tunnel Oxide Passivated Contact) solar cells with high efficiency form a large part of the photovoltaic sector after traditional PERC-type solar cells. In this project, an infrastructure for an innovative approach to the TOPCon production line will be developed by creating SiO2 and poly-Si layers, which are the parts that increase the efficiency of TOPCon solar cells, with the PVD technique. Both thermal and plasma methods are used in the standard TOPCon production line, and hazardous gases are processed at high temperatures for these methods. The aim is to eliminate the use of hazardous gases and chemicals with the PVD technique.

4.5. Developing Different Designs of Agro-Photovoltaic Applications for Various Agricultural Systems

Photovoltaic technologies have a significant potential as the largest alternative energy source in the world. However, the installation of photovoltaic energy systems (Solar Power Plants - SPP) and efficient energy

production require large areas. Another important aspect is that SPPs need to be located as close to the main grid as possible. Since general societal settlements are located in areas suitable for agriculture, it is possible to use agricultural areas as SPP areas.

4.6. Parallel Connection Box

On 04.11.2022, the company applied to the Turkish Patent Institute with application no. 2022/016716 for the "Parallel Connection Box" titled utility model. The invention includes a parallel connection box that eliminates occupational safety risks and increases efficiency for energy transmission between batteries and inverters (converters), and is classified under the IP67 safety class. The utility model application was sent for examination on 03.04.2023 upon request for examination.

As part of its R&D activities, the company emphasizes university-industry collaboration in both long-term and short-term projects. In this context, a consultancy agreement was signed in 2022 with GÜNAM (Solar Energy Institute) and İleri Ar-Ge Teknolojileri Mühendislik Yazılım Eğitim Danışmanlık Sanayi ve Ticaret Limited Şirketi for solar cell technology research, technology determination in cell production investments, and education, among other areas.

Details regarding research and development expenses tracked in the income statement and balance sheet for the periods ending on 31.12.2022 and 31.12.2023 are provided in the table below.

Turkish Lira	31.12.2022	31.12.2023
Recognized in the statement of profit or loss	9.496.104	12.176.149
Capitalized development costs	5.195.184	11.503.886
Amortization (-)	(1.180.103)	(1.579.897)
R&D Expenses	**13.511.185**	**22.100.138**

CW Enerji continues to carry out Product Development (“P&D”) activities. Although there is a P&D unit operating within the factory, there is no P&D center.

4.7. Developments in Brands and Intellectual Property Field

The brands applied to the Turkish Patent and Trademark Office and the updates made in the existing brand applications for the period from 01.01.2023 to 31.12.2023 are listed in the table below.

- ✓ The **"cv charging vehicles"** brand, which was applied for registration on 02.03.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"cv charge vehicles"** brand, which was applied for registration on 01.12.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"cw software"** brand, which was applied for registration on 22.06.2023 for a period of 10 years, has been decided to be registered.
- ✓ In 2022, the **"cw-energy"** brand was applied for renewal, and as a result of the examination by the institution, it was decided to renew it for a period of 10 years on 20.05.2023.
- ✓ In 2022, the "**cw enerji"** brand was applied for renewal, and as a result of the examination by the institution, it was decided to renew it for a period of 10 years on 20.05.2023. Also, the "cw enerji" brand was decided to be registered in class 37 on 20.06.2023.
- ✓ The **"cw defence"** brand, which was applied for registration on 05.09.2023 for a period of 10 years, has been decided to be registered.

- ✓ The **"cw gençlik"** brand application was made on 14.06.2023, and examinations by the institution are ongoing for registration.
- ✓ The **"cwene"** brand, which was applied for registration on 22.11.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"cw storage"** brand, which was applied for registration on 23.11.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"cw depolama"** brand, which was applied for registration on 05.12.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"cw solar cell"** brand, which was applied for registration on 20.12.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"chargingvehicles"** brand, which was applied for registration on 18.01.2024 for a period of 10 years, has been decided to be registered.
- ✓ The **"charging vehicles cv shape"** brand, which was applied for registration on 07.02.2024 for a period of 10 years, has been decided to be registered.
- ✓ The **"cw akademi"** brand, which was applied for registration on 30.01.2023 for a period of 10 years, has been decided to be registered.
- ✓ The **"the cw"** brand, which was applied for registration on 19.10.2023 for a period of 10 years, has been decided to be registered.

5. LEGAL AND SOCIAL ISSUES

5.1. LAWSUITS

As of December 31, 2023, the Company is a party to 25 lawsuits and 53 enforcement proceedings.

The total amounts involved in the Company's lawsuits and enforcement proceedings are provided below, however, in ongoing lawsuits, there is a possibility of increasing the amounts in dispute through amendments or by adding interest and litigation costs, which could increase the risk amounts. As of December 31, 2023, the provision allocated for the Company's lawsuits and enforcement proceedings is 742,070 TL.

There is no significant lawsuit pending against the Company that could materially affect its financial position and operations.

5.2. ADMINISTRATIVE-JUDICIAL SANCTIONS

There are no judicial or administrative sanctions imposed against the Company that may adversely affect the Company's activities.

5.3. DONATIONS AND SOCIAL RESPONSIBILITY PROJECTS

In accordance with the articles of association, the Company aims to determine the principles of donations and contributions and contribute to social development.

As part of the company policies adopted by the Board of Directors on January 10, 2023, the donation and contribution policy has also been approved by the general assembly. The main purpose of the donation and contribution policy is to determine the upper limit of donations by the general assembly within the framework of the regulations applicable to the Company and Article 3 of the Company's Articles of Association, not to make donations exceeding the determined upper limit, to add the donations made to the distributable profit base, not to result in consequences that may fall within the scope of Article 21/1 of the Capital Markets Law, to present the donations made to social-purpose foundations, associations, universities, and similar institutions established for social purposes, including those made during the year, to the shareholders at the General Assembly, and to make the necessary announcements, within the rules determined by the Capital Markets Board.

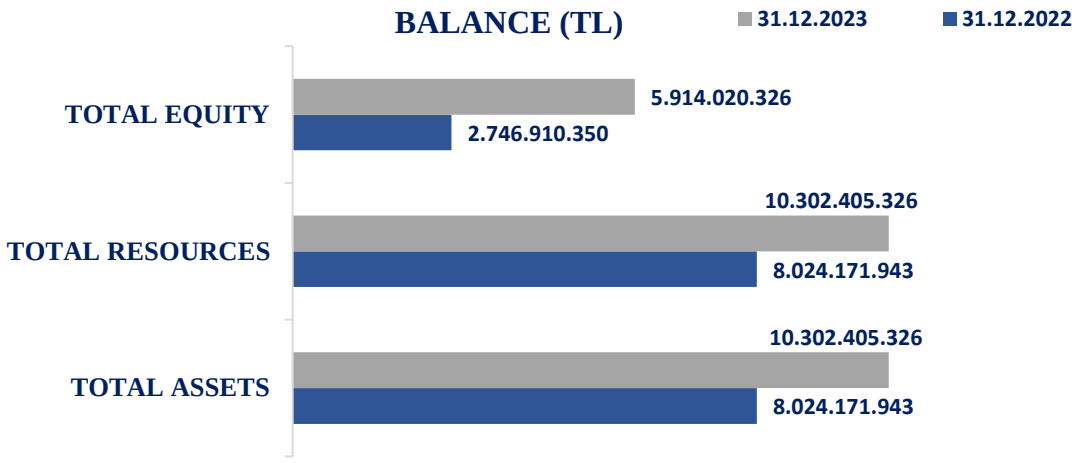
At the general assembly meeting held on September 29, 2023, it was decided to set the donation upper limit for 2023 at 30,000,000 TL. Between January 1, 2023, and December 31, 2023, a total of 4,391,667 TL was donated to social-purpose foundations, associations, universities, and similar institutions established for social purposes, individuals, in order to contribute to social development.

6. FINANCIAL SUMMARY

The Company's consolidated financial statements for the twelve-month period ended 31/12/2023, prepared in accordance with the Capital Markets Board (CMB) and generally accepted accounting principles, are presented to the shareholders with this report. The Company, which is subject to inflation accounting, has prepared its financial statements published in the report by applying inflation adjustments based on the financial statements for 2022 and 2023 in accordance with the standard disclosed under Turkish Accounting Standard 29 (TAS 29) "Financial Reporting in Hyperinflationary Economies."

The selected key financial items from the audited consolidated financial statements for the financial periods ending on 31/12/2022 and 31/12/2023, as well as the audited consolidated income statements for the same dates, are as follows:

Summary Balance Sheet (TL)	31.12.2022	31.12.2023
Current Assets	5.045.659.092	5.379.052.129
Non-current Assets	2.978.512.851	4.923.353.197
TOTAL ASSETS	**8.024.171.943**	**10.302.405.326**
Current Liabilities	4.636.977.212	3.201.010.803
Non-current Liabilities	640.284.381	1.187.374.197
Equity	2.746.910.350	5.914.020.326
TOTAL RESOURCES	**8.024.171.943**	**10.302.405.326**



REVENUE AND EBITDA DEVELOPMENT

	2022	2023
NET SALES (TL)	8.797.946.412	11.503.287.301
EBITDA(TL)	1.851.532.172	2.332.096.650
EBITDA/REVENUE	21,0%	20,3%

6.1. FINANCIAL INFORMATION

6.1.1. Balance Sheet

Total assets of CW Enerji AŞ as of 31.12.2022 and 31.12.2023 are TL 8,024.1 million and TL 10,302.0 million, respectively. 2022 increased by 28% compared to the end of the year. The increase in revenue compared to the previous year is due to the incentives provided by the legal regulations in the energy sector, shortened investment return periods with increasing energy prices, increases in production with the capacity increases made by the Company and the demand effect on the sector.

In 2023, the Company's assets consisted of 52% current assets and 48% non-current assets.

Current assets consist of 40% inventories, 23% trade receivables, 12% prepaid expenses, 8.0% cash/cash equivalents, 3.0% financial investments and 8% and %6 other receivables current assets.

Non-current assets , %48 right of use assets, %47 property, %3 intangible assets and %3 deferred tax assets.

The Company's total non-current assets amounted to TL 2,978.5 million and TL 4,923.3 million as of 31.12.2022 and 31.12.2023, respectively. At the end of 2023, non-current assets increased by 65% compared to the previous period.

In parallel with the increase in product demands, the Company takes positions in order to minimize logistical delays, as a precautionary measure, and also acts prudently in inventory levels and liquidity position in order to avoid problems in the supply of raw materials linked to foreign currency and to protect against global risks. Accordingly, when evaluated together with the Company's balance sheet and income statement growth due to the increasing business volume and the business plan implemented by the Company, the said changes in trade receivables and inventories are realized in parallel.

In 2023, the Company's assets consisted of 52% current assets and 48% non-current assets.

The Company's liabilities consist of 31% short-term liabilities, 12% long-term liabilities and 57% shareholders' equity. Long-term liabilities increased in parallel with the ongoing investments. Total

financial liabilities increased by 83.6% from TL 838.8 million at the end of 2022 to TL 1,540.1 million during the period.

The Company's total liabilities as of 31.12.2022 and 31.12.2023 are TL 5,277.2 million and TL 4,388.3 million, respectively.

The Company's shareholders' equity consists of paid-in capital, positive differences arising from the restatement of share capital, defined benefit plan remeasurement losses, restricted reserves, retained earnings, net profit for the period and share premium.

Equity accounts for 34.2% and 57.4% of total resources at the end of 2022 and 2023, respectively. When 2023 equity data is compared with the previous period, capital increase, share premiums and both current and prior period profits are seen as items that support a strong equity structure. 2023 total shareholders' equity increased by 115% compared to 2022 year-end and was realized at TL 5,914 million.

Summary Income Statement (TL)	31.12.2022	31.12.2023
Revenue	8.797.946.412	11.503.287.301
Sales Cost	(6.850.615.343)	(8.816.289.753)
Gross Profit	**1.947.331.069**	**2.686.997.548**
Operating Expenses	(238.280.765)	(590.176.471)
Depreciation Expenses	142.481.869	235.275.573
EBITDA	**1.851.532.173**	**2.332.096.650**
Period Profit	**1.320.752.676**	**378.713.603**

As of 31.12.2022 and 31.12.2023, revenues amounted to TL 8,797.9 million and TL 11,503.32 million.

At the end of 2023, 62,5% of the Company's revenue consists of solar panel sales, 32,9% of project sales, 1,4% of inverters and 3,2% of other sales.

The Company's revenue increased by 30.7% in 2023 compared to the previous year.

The Company's gross profit amounted to TL 1,947.3 million and TL 2,686.9 million for the periods ended 31.12.2022 and 31.12.2023. As of year-end, the Company's gross profit grew by 38%.

The Company's net profit for the year ended 31.12.2022 and 31.12.2023 was TL 1,320.7 million and TL 378.7 million, respectively.

6.1.2. Financial Ratios

Financial and Liquidity Ratios	2022	2023
Leverage Ratio (Total Liabilities / Total Assets)	0,66	0,43
Short-term Liabilities / Total Assets	0,58	0,31
Long-term Liabilities / Total Assets	0,08	0,12
Equity / Total Assets	0,34	0,57
Current Ratio (Current Assets / Short-term Liabilities)	1,09	1,68
Liquidity Ratio (Current Assets - Inventory / Short-term Liabilities)	0,74	1,02
Cash Ratio (Cash and Equivalents / Short-term Liabilities)	0,16	0,13

6.1.3. Profitability Ratios

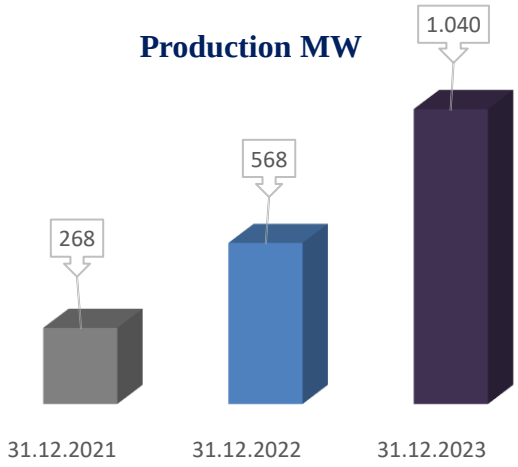
Profit Margins	2022	2023
EBITDA	1.851.532.173	2.332.096.650
EBITDA Margin	21%	20%
Gross Profit	1.947.331.069	2.686.997.548
Gross Profit Margin	22%	23%
Net Income	1.320.752.676	378.713.603
Net Profit Margin	15%	3%

As of 2023 year-end, the company's total debt-to-total equity ratio is 43%, while its equity-to-total assets ratio is 57%. While the company's equity share within the resources has increased, its short-term borrowing within the total liabilities has decreased from 58% to 31%.

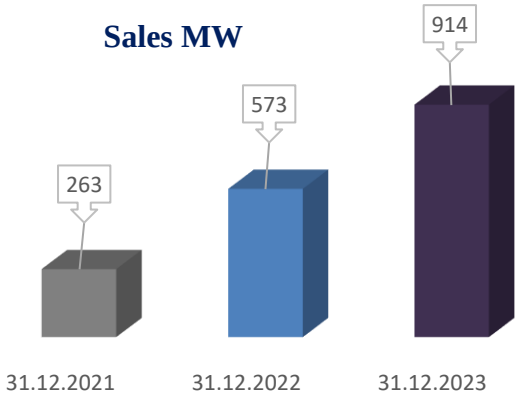
In line with the positive development in the company's financial performance, liquidity ratios have also followed a positive trend, with the current ratio and liquidity ratio being 1.68 and 1.02, respectively, both exceeding acceptable limits. Due to the increased volume in cash and equivalents and financial investments, the Cash Ratio stands at 13%.

The company's gross profit margin and EBITDA margin were 23.4% and 20.3%, respectively.

Being in an investment-heavy period, the company finances its investments primarily through bank loans while maintaining a minimum of 20% equity ratio. Therefore, liquidity, exchange rate, and interest rate risks, as well as market positions and developments, are regularly monitored. To minimize market-related risks, a profit-margin pricing policy ensures the preservation of the EBITDA margin. The company focuses on minimizing financial risks it faces, including market risk, credit risk, and liquidity risk, to minimize potential adverse effects on financial performance due to uncertainties in financial markets.



The company has achieved production of 268, 568, and 1,040 MW for the periods ending on 31.12.2021, 31.12.2022, and 31.12.2023, respectively.



The company has achieved sales of 263, 573, and 914 MW for the periods ending on 31.12.2021, 31.12.2022, and 31.12.2023, respectively..

6.2. FINANCIAL STRENGTH

In accordance with the calculations made considering the ratios specified in Article 376 of the Turkish Commercial Code, it is observed that the company's capital is not underfunded.

6.3. DEVELOPMENT OF FINANCING SOURCES AND BUSINESS POLICIES

The company has the potential to generate cash from its operational activities. In order to finance its investments in line with its growth plans, the company has the opportunity to meet its cash needs from both bank loans and the income it derives from its equity. The company aims to meet its working capital needs with cost-effective short-term financing sources to take advantage of procurement opportunities for production materials that can be obtained at more favorable costs through cash purchases. For this purpose, the company uses the funds it needs and will need; besides the cash flows provided by its current activities, it uses its credit facilities in financial institutions. As of the relevant periods, while the company prefers cost-effective short-term resources to take advantage of advantageous raw material purchases, it also uses long-term credit for investment financing and evaluates short-term bank loans, export support funds, CBRT loans, or advance loans as cost-effective resources. Long-term credit uses also evaluate cost-effective and investment-commitment loans under the incentive certificate. Considering the increased demand for solar panels, the increasing demand for turnkey solar power plant installations, the increase in commercial product sales, ongoing and planned capacity increases/investments, and the supply chain disruptions frequently seen since the pandemic, the company, to ensure supply security, finance its

investments, and ensure the company's cash flow security in possible market squeezes, uses bank loans if favorable conditions arise.

The company manages its working capital in a way that finances trade receivables, inventory, and advance payments with the total of trade debts and received advances according to its business model. Therefore, the company does not have a significant need for borrowing other than the funds that need to be kept ready for high-volume opportunity stock purchases and large-scale tangible fixed asset investments.

As of December 31, 2023, short-term liabilities account for 31%, long-term liabilities account for 12%, and equity accounts for 57% of the company's assets financing.

6.4. DIVIDEND DISTRIBUTION

The dividend distribution policy of the company has been determined by the Board of Directors' decision dated 10.04.2023 and numbered 2023/020.

The company's dividend distribution policy has been prepared within the framework of the Turkish Commercial Code No. 6102, Capital Markets Law No. 6362, Capital Markets Board's II-19.1 Corporate Governance Communiqué, capital markets legislation, tax legislation, and other relevant legislation, and the provisions of the Articles of Association regarding dividend distribution.

As a principle, the company aims to distribute at least 25% of its distributable profit calculated starting from the 2023 accounting year, in cash for the first year and in cash and/or bonus shares for the remaining 4 years, in accordance with the regulations of the CMB and TCC, and within the scope of distributable profit, for at least 5 years starting from the 2023 accounting year.

6.5. INFORMATION ON COMPANY'S ACQUISITION OF OWN SHARES

As of December 31, 2023, the company does not own any shares that it has acquired.

7. INFORMATION ABOUT THE SECTOR IN WHICH THE ENTERPRISE OPERATES

7.1. OVERVIEW OF THE SOLAR ENERGY SECTOR AND TÜRKİYE'S POSITION IN THE SECTOR

Solar energy is a clean, sustainable, and renewable way to meet humanity's energy needs. It stands out as an important tool to ensure environmental sustainability for future generations and to combat climate change. In recent years, the solar energy sector has grown rapidly due to the decrease in the cost of solar panels and technological advancements. Its clean and sustainable nature has led many countries to increase their investments in solar energy and strengthen their policies.

Türkiye is a country rich in solar energy potential. Especially the Mediterranean and Southeastern Anatolia regions are areas where the sunshine duration is long throughout the year. Türkiye has become a rapidly growing market in the solar energy sector and has increased its investments in this field. The government's incentives and policies for renewable energy have strengthened Türkiye's position in the solar energy sector. The Paris Climate Agreement, the European Green Deal, and the Glasgow Climate Pact are the three most important global initiatives focusing on climate change and supporting sustainable development.
(Source: PwC, Solar Energy Sector in the World and Türkiye March, 2024 Report)

7.1.1. Paris Climate Agreement

The Paris Climate Agreement is an agreement on global climate change held in Paris on December 12, 2015, with the participation of 197 countries. The agreement entered into force on November 4, 2016, and has been ratified by 191 countries. The aim is to limit the global average temperature increase to 2°C, preferably below 1.5°C. Under the agreement, countries determine their contributions to reducing greenhouse gas emissions to achieve long-term temperature goals and submit their National Determined Contributions (NDCs) regarding their plans. Türkiye became a party to the Agreement in October 2021 and announced its 2053 Net Zero Emission Target. In April 2023, an updated National Determined Contribution was published.

7.1.2. European Green Deal

Under the European Green Deal announced by the European Union on December 11, 2019, the EU aims to become a "climate-neutral" continent and has set a roadmap for this in many areas such as industry, finance, energy, and transportation. The European Green Deal aims to reduce greenhouse gas (GHG) emissions by at least 55% by 2030 and achieve zero GHG emissions by 2050. One of the most important applications of the European Green Deal is the SKDM. After the European Green Deal, Türkiye has implemented its Green Deal Action Plan.

7.1.3. Glasgow Climate Pact

The Glasgow Climate Pact was accepted and published by 200 countries at COP26 held in Glasgow on November 13, 2021. Under the Glasgow Climate Pact, countries are called upon for the first time to gradually reduce energy derived from coal. These international agreements and commitments increase the demand for clean and renewable energy sources such as solar energy and support the growth of the sector. Türkiye's role in this process is also crucial. Türkiye, by becoming a party to the Paris Climate Agreement, has made commitments to combat climate change and supported initiatives such as the European Green

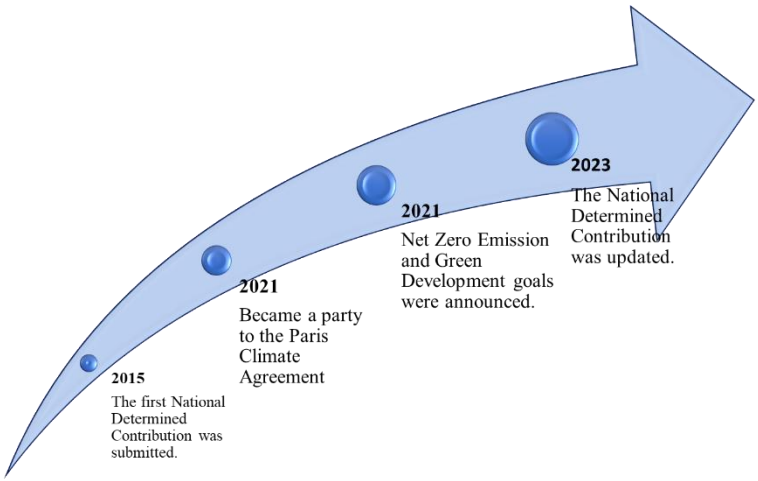
Deal. Türkiye's position in the solar energy sector supports the transition to renewable energy in a manner consistent with international commitments and contributes to the fight against climate change.
(Source: PwC, Solar Energy Sector in the World and Türkiye March, 2024 Report)

7.1.4. Carbon Border Adjustment Mechanism

CBAM is a carbon tax developed by the EU for imports into the Union from high carbon emitting sectors (Iron-Steel, Aluminum, Cement, Fertilizer, Electricity, Hydrogen). It aims to apply a tax equivalent to the carbon tax applied in the Emissions Trading System (ETS), which has been in force since 2055 to limit the emissions of high carbon sectors within the EU, to exports from outside the EU. Under CBAM, carbon emission allowances will be redeemable through CBAM certificates and importers will be able to trade CBAM certificates.

The transition period of CBAM started on October 1, 2023 and the implementation period, including fiscal obligations, will start on January 1, 2026.

7.1.5. Türkiye's National Determined Contribution (NDC)



Türkiye accepted the Paris Agreement at COP 21 but did not start the process of becoming a party. The first National Determined Contribution was submitted in 2015, with Türkiye committing to reduce its greenhouse gas emissions by 21% by 2030. Türkiye updated its National Determined Contribution in April 2023, increasing the reduction target from 21% to 41%.

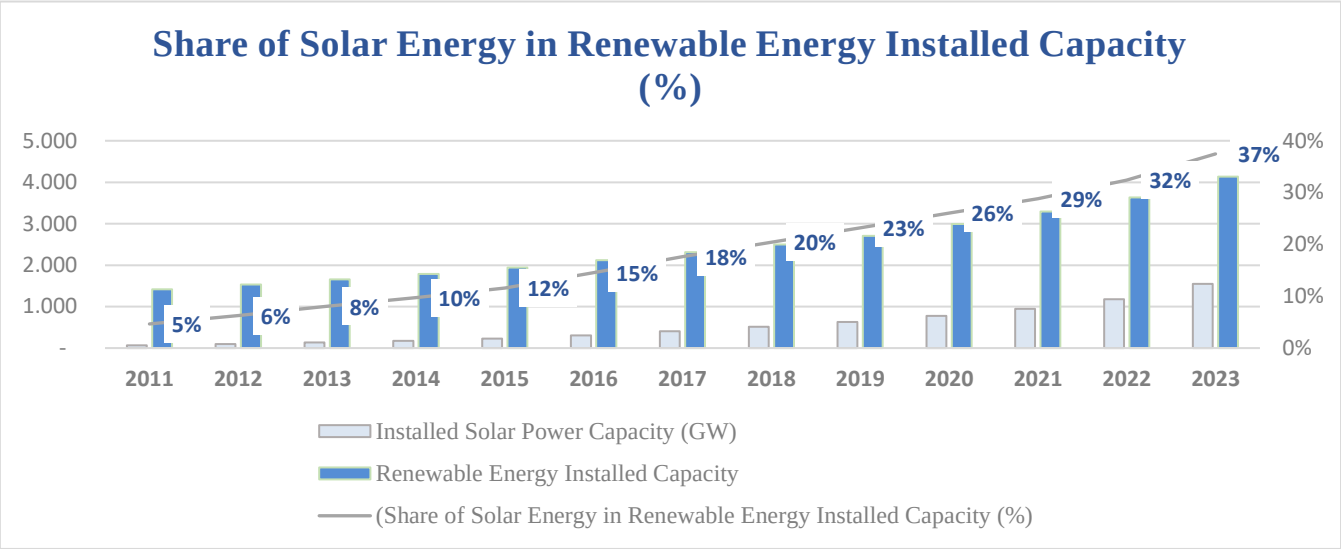
(Source: Republic of Türkiye Ministry of Energy and Natural Resources)

The rapid increase in renewable energy capacity, especially solar energy, is expected to reach around 66% of the renewable capacity by 2050.

Advantages of Solar Energy Compared to Other Renewable Sources

- ✓ Low installation/operation costs and ease of installation
- ✓ Suitable for distributed energy systems
- ✓ The most suitable technology for hybrid energy systems
- ✓ Integration opportunities into urban and land ecosystem with different applications (Roof-Agriculture-Floating SPP systems)

It has been observed that the share of solar energy capacity within the renewable energy capacity has significantly increased since 2015.



(Source: International Energy Agency - World Energy Outlook 2023)

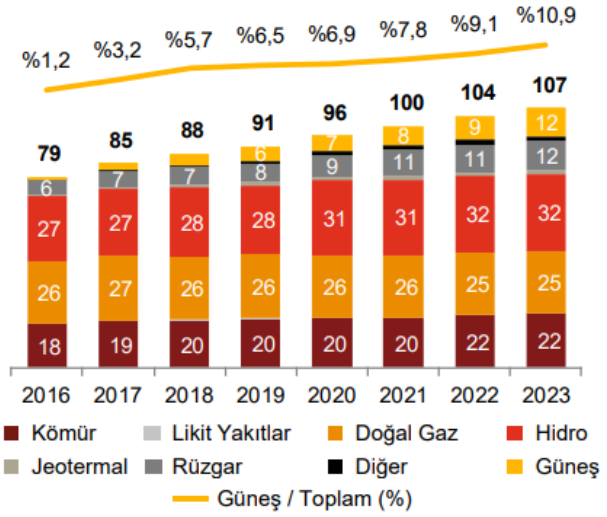
It is forecasted that the global solar energy capacity, which has shown an average growth of around 27% per year between 2015 and 2023, will continue to grow at an average annual rate of around 18.5% in 2023 and the following 5 years, gradually increasing its share within renewable energy sources and exceeding 50%.

It is assumed that approximately 90% of the increase in installed capacity between 2023 and 2028 will come from the Asia-Pacific, Europe, and North America regions.

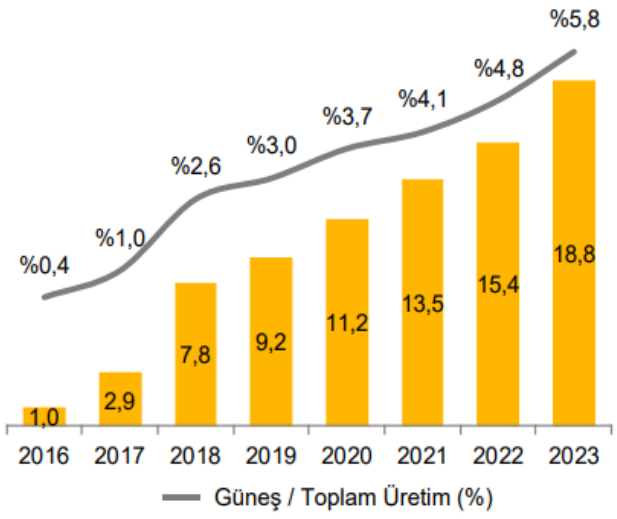
7.2. OVERVIEW OF THE SOLAR ENERGY SECTOR IN TÜRKİYE

The installed capacity of solar energy in Türkiye exceeded 10 GW for the first time in 2023 and achieved more than 10% share in the total installed capacity.

Installed Capacity Development in Türkiye by Years (GW)



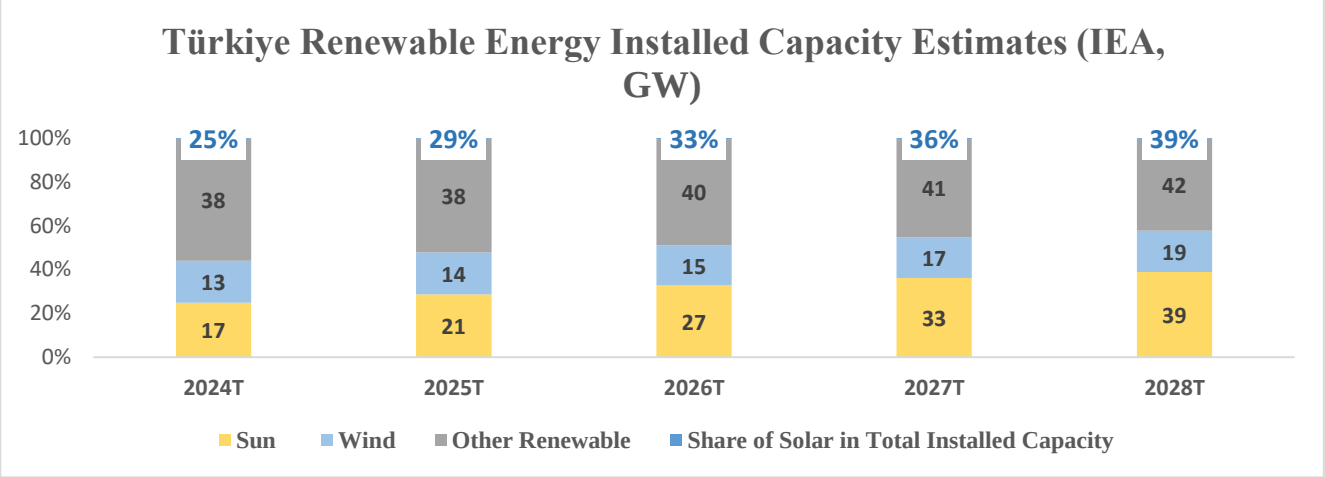
Solar Electricity Generation (TWs)



As the installed capacity of renewable energy in Türkiye increases, the share of solar energy in renewable energy is also expected to increase. Solar energy stands out as the most preferred source in applications to increase renewable energy capacity.

Türkiye's Installed Renewable Energy Capacity (GW) and Position in the World Ranking	2010	2022
Total Renewable Energy	14.	12.
Solar Energy	51.	16.

Currently, the installed capacity in Türkiye has reached 12 GW by 2023 (ranked by installed capacity in 2022).



7.2.1. Share of Solar Energy in Renewable Energy

Parallel to global renewable energy increase estimates, it is predicted that solar energy will have the highest share in total renewable energy installed capacity forecasts in Türkiye. Solar energy is predominantly used in applications aimed at increasing renewable energy capacity in Türkiye.

7.2.2. Unlicensed Plants

As of February 2024, the total installed capacity of unlicensed plants in operation in Türkiye is 10.7 GW, of which 10 GW consists of unlicensed Solar Power Plants (SPPs). It is expected that investments in unlicensed SPPs for self-consumption will further increase the share of solar energy.

7.2.3. Renewable Energy Resources Area (RERA) Tenders

A total of 3 GW installed capacity for Solar Power Plants and a total of 2.85 GW installed capacity for Renewable Energy Resource Areas (RERA) have been allocated in 3 Renewable Energy Resources Area (RERA) tenders for SPPs and 3 tenders for RERA.

7.2.4. Hybrid Plants

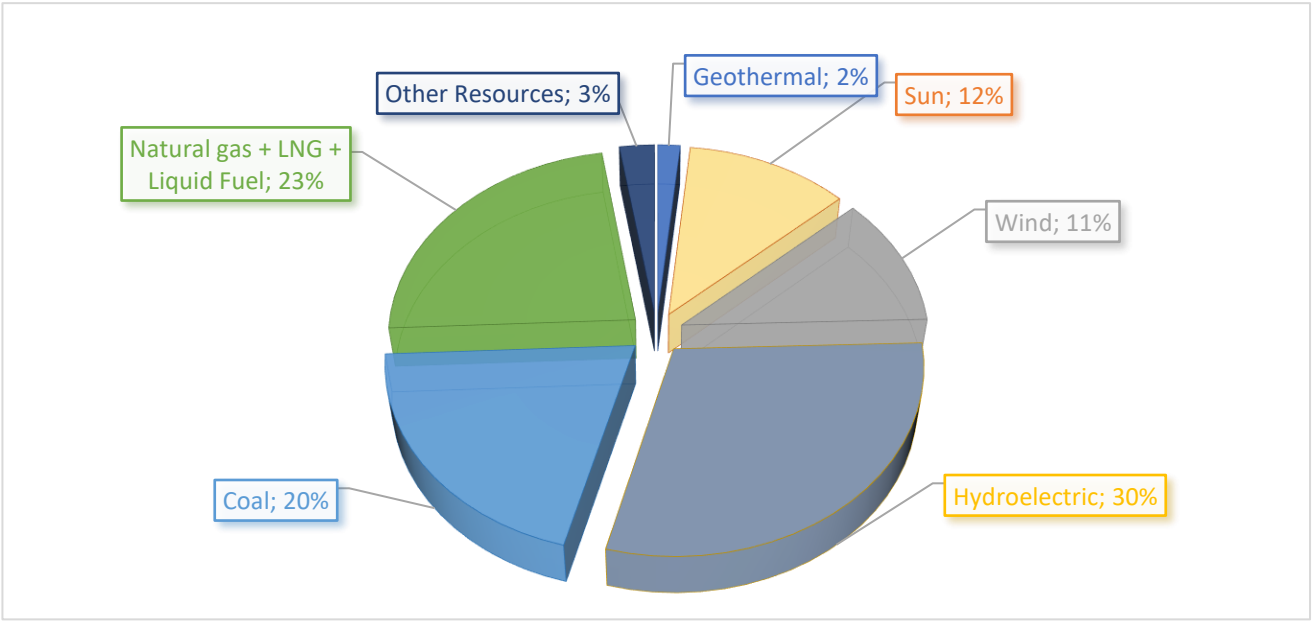
As of February 2024, the Energy Market Regulatory Authority (EPDK) has licensed 247 hybrid plants, of which 246 are hybrid SPPs. The total auxiliary source capacity of hybrid plants with solar energy as the auxiliary source is 2.5 GW, of which 540 MW is currently operational.

7.2.5. Storage Plants

Under the pre-license application for storage plants, approximately 355 pre-licenses - 13.6 GW capacity for storage SPPs and 220 pre-licenses - 15.7 GW capacity for storage Renewable Energy Resource Areas (RERA) have been allocated.
(Source: IEA, National Energy Plan)

7.2.6. Electricity Generation by Resources in Türkiye

In 2023, our electricity production was derived from 36.3% coal, 21.4% natural gas, 19.6% hydroelectric energy, 10.4% wind, 5.7% solar, 3.4% geothermal, and 3.2% other sources.



As of the end of March 2024, the distribution of our installed capacity by resources is as follows: 29.6% hydroelectric energy, 23.2% natural gas, 20.2% coal, 11.2% wind, 11.7% solar, 1.6% geothermal, and 2.5% other sources.

Additionally, the number of electricity generation facilities in our country has reached 18,231 (including unlicensed plants) as of the end of March 2024. Of these existing plants, 757 are hydroelectric, 68 are coal-fired, 364 are wind, 63 are geothermal, 363 are natural gas-fired, 16,144 are solar, and 471 are other sources.
(Source: Ministry of Energy and Natural Resources of the Republic of Türkiye)

7.2.7. Global Solar Atlas, World Bank

Türkiye has high levels of solar radiation and solar energy production potential compared to many countries. These potential leads solar energy to be the main actor in Türkiye's targeted green transformation.

According to the Global Atlas published by the World Bank, regions with high solar energy potential are located between the 30° North and 30° South latitudes. Although Türkiye is not as advantageous as regions with high potential in terms of solar radiation, it receives more radiation per square meter compared to the US, China, and many European countries due to its location between the 36° and 42° North parallels, and therefore, its solar energy production potential per square meter is also higher.

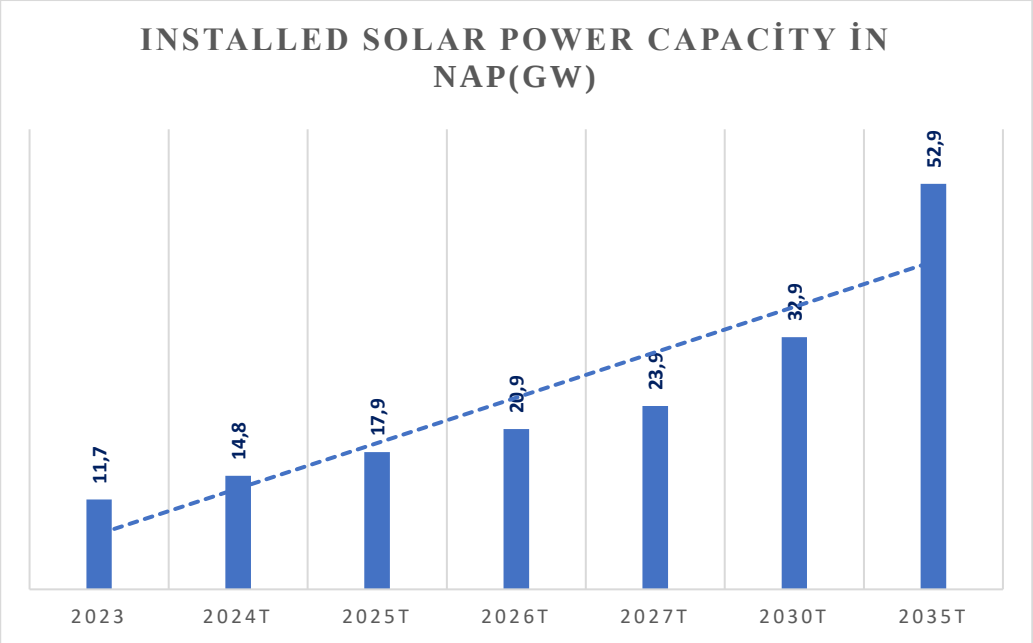
7.2.8. 2035 Projections of the National Energy Plan

The 2022 National Energy Plan published by the Ministry of Energy and Natural Resources in 2023 is a roadmap for Türkiye's transition to clean energy.

Following Türkiye's signing of the Paris Agreement in October 2021, committing to Net Zero Emissions by 2053, the National Energy Plan outlines the levels to be reached by 2035 to achieve Türkiye's Net Zero Emissions commitments, taking into account the country's current capabilities in the electricity system and its renewable energy potential.

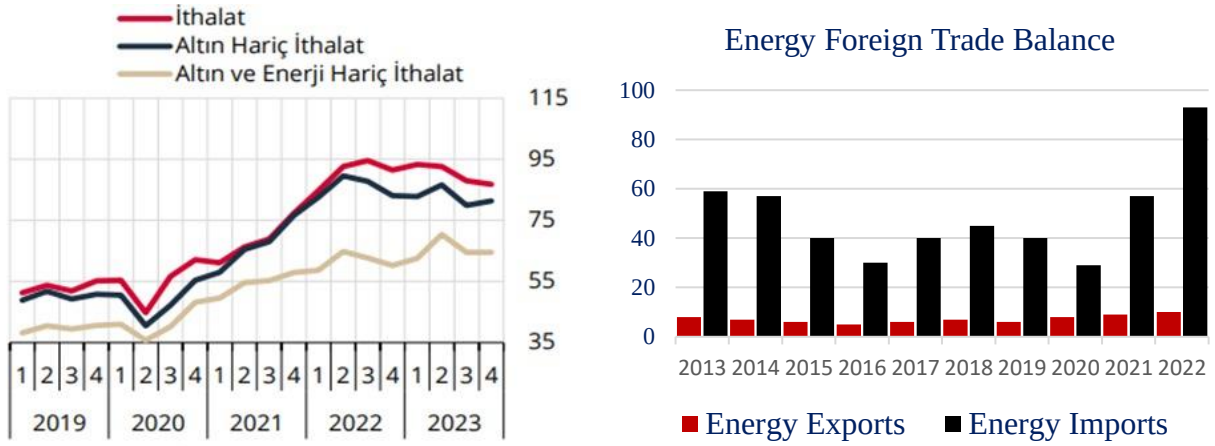
According to the National Energy Plan, Solar Energy is projected to account for approximately 28% of total installed capacity and approximately 43% of total renewable energy installed capacity by 2035, considering Türkiye's current capabilities in the electricity system and its renewable energy potential.

According to the UEP projections, the increase in installed capacity in solar energy is assumed to be 3 GW/year in the 5-year period between 2025-2030 and 4 GW/year in the period between 2030-2035.



7.3. FOREIGN TRADE

Türkiye has the potential to export solar energy products due to its increasing production capacity and geographical location. However, manufacturers operating in Türkiye mainly focus on the domestic market to meet the increasing demand domestically, and export revenues remain limited. The direct sale of solar panels produced with cells imported from China to European countries, especially those directly importing from China, presents a high potential. It is anticipated that Türkiye's export of solar energy equipment will increase in the future with the balance in domestic demand and investments in cell production.



(Source: CBRT Inflation Report 2024-1, TURKSTAT)

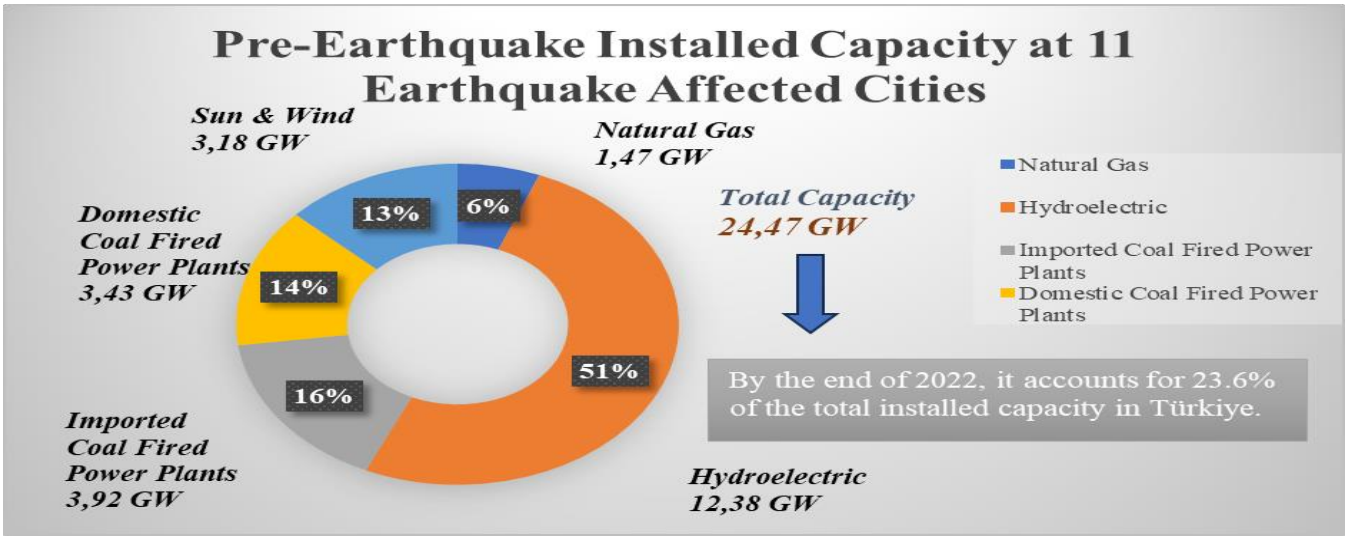
The current account deficit for 2022 was recorded at $48.8 billion. Excluding net energy trade, the current account balance was a surplus of $31.4 billion in 2022.

As of November 2023, the annualized current account deficit was $49.6 billion. When excluding gold and energy, the current balance was a surplus of $32 billion annually.

(Source; İşbank, Balance of Payments 2022, Source; CBRT Inflation Report, 2023-I)

7.4. MAJOR EVENTS AND DEVELOPMENTS AFFECTING ACTIVITIES IN 2023

The Presidency estimates that the total damage caused by the earthquakes in Kahramanmaraş in the energy sector is around 11.2 billion TL. It is stated that 21% of the total damage occurred in the public sector and 79% in the private sector. On February 6, 2023, Türkiye was rocked by two major earthquakes centered in the Pazarcık and Elbistan districts of Kahramanmaraş, resulting in unprecedented damage. Approximately 48,000 people lost their lives in the Kahramanmaraş earthquakes, and over 500,000 buildings were damaged. The total damage caused by the Kahramanmaraş earthquakes is estimated to be 2 trillion TL.



Total Installed Capacity in the 4 Most Affected Regions by the Earthquake:

Kahramanmaraş: 4.22 GW; Hatay: 2.63 GW; Gaziantep: 0.44 GW; and Adıyaman: 0.26 GW

As of the end of 2022, a total of 68.5 TWs of electricity was generated and 58.1 TWs of electricity was consumed in these regions. These amounts constitute approximately 21% and 19% of national statistics, respectively. The earthquake-affected regions played a significant role in energy demand due to their importance as industrial production centers in the past.

7.5. CW ENERJI'S POSITION IN THE SECTOR

CW Enerji, established in 2010 and operating in the photovoltaic energy production sector, has reached an annual solar panel production capacity of 1,800 MWp with the completion of the installation of a new 500 MWp line in the first half of 2023.

- CW Enerji manufactures panels tailored to the needs of users with multi-busbar cell technology in cell architecture. Multi-busbar technology minimizes optical and electrical losses in panels, increasing the efficiency of solar panels.
- Looking at the latest developments in photovoltaic technology, cell sizes have reached new dimensions of 166 mm, 182 mm, and 210 mm. As of 2022, CW Enerji produces multi-busbar panels with a 210 mm cell structure and 12 busbars, providing a maximum power output of 675 Wp.
- CW Enerji does not allow customer concentration by selling the necessary products and services for solar energy electricity production systems throughout Türkiye.
- CW Enerji provides a 12-year product warranty and a 30-year performance guarantee for the solar panels it produces, which are also insured with product liability insurance.
- CW Enerji provides services in accordance with production regulations for investment and technical consultancy of solar energy power plants, project planning, system design, licensed and unlicensed plant installations, license acquisition and operation, as well as planning, project planning, and implementation of unlicensed projects, and post-installation technical maintenance and repair.
- The photovoltaic solar panels produced by CW Enerji have PV Cycle and UL certification, in addition to standard documents and certificates.
- CW Enerji has contributed to beneficial models with its R&D center.
- CW Enerji, ranked 227th among Türkiye's 500 Largest Industrial Enterprises in 2022 according to the ISO500-2022, identified by the Istanbul Chamber of Industry and Commerce to determine the largest industrial establishments in Türkiye based on production sales criteria for the year 2022.

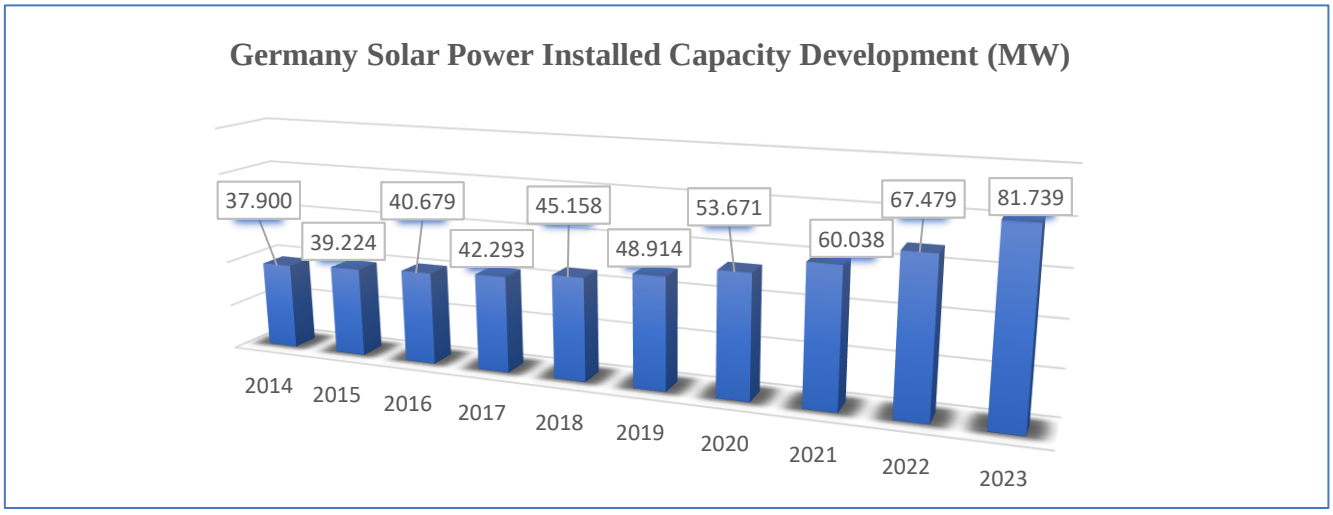
➢ CW Academy Research and Development Inc., a related entity of the Company, provides practical and theoretical training on solar energy under the umbrella of CW Academy Research and Development Inc. to sales points in Türkiye and abroad, young talents, university and high school students, and anyone interested in the sector.

➢ The Company has created a Social Responsibility Project called "CW Youth" for university students aged 18-30 to enable young people to understand the energy sector and evaluate career opportunities within the scope of its activities.

7.6. THE SOLAR ENERGY SECTOR IN GERMANY

The German Federal Grid Agency (Bundesnetzagentur) announced that developers installed 1,071.3 MW of new PV capacity in February, compared to 746 MW in February 2023 and 1.42 GW in January this year. Developers installed 2.43 GW of new PV capacity in the first two months of 2024; this is compared to about 1.62 MW in the same period last year. As of the end of February 2024, the country's cumulative installed PV capacity reached 84.88 GW.

(Source: https://www.pv-magazine.com/2024/03/22/germanys-new-pv-deployments-hit-1-07-gw-in-february/)



(Source:https://yesilekonomi.com/almanyanin-gunes-gucu-https://renewablesnow.com/news/germany-installs-17-gw-of-renewables-in-2023)

Germany aims to become greenhouse gas neutral by 2045 and reduce greenhouse gas emissions by at least 65% and 88% compared to 1990 levels by 2030-2040, as stated in its latest National Contribution Statement towards the 2050 Net Zero targets.

(Source: PwC, Solar Energy Sector in the World and Türkiye, 2024/March)

7.6.1. About Activities in Germany

In 2022, with the establishment of TTATT AG, a wholly-owned subsidiary, we are actively operating in the solar energy sector in Germany. TTATT AG operates in the trade of solar energy products, installation, and renewable energy system services. Considering the dynamic structure of Germany's renewable energy market, our company contributes to sustainable energy transformation by offering high-quality solar panel products and solutions. By enhancing our local expertise and international experience, we aim to establish a presence in the solar energy sector in Germany.

According to the disclosure made on January 5, 2024, as part of our joint venture with SEAC Holding GmbH in Germany, CWSE Group GmbH and CWSE Management GmbH were established on November 30, 2023. CWSE Group GmbH acquired all the shares of SEAC Projekt GmbH, SEAC Invest 58 GmbH, and the land-based solar energy projects currently under development owned by SEAC Holding GmbH.

CWSE Group GmbH has acquired the rights to approximately 32 MW of operational solar energy plants and approximately 1700 MW of solar energy projects under development through the transfer transactions. All of these projects, which are operational and under development, are located in Germany.

7.7. About Activities in USA

On 14.11.2023, as stated in the PDP notification, the establishment of the company in the USA has been completed. We have launched our wholly owned subsidiary under the name CW Energy usa, Inc. The growth of the solar panel market in the US and the increasing demand for sustainable energy strengthened our decision to take this step. CW Energy usa, Inc. aims to serve customers by combining our company's global experience and expertise while seizing opportunities in the local market.

Industry opportunities in the Americas are expanding with the continuous increase in demand for innovative technologies and sustainable energy solutions. At CW Energy usa, Inc, we aim to strengthen our role and grow our company in this dynamic market. The establishment of the company in the US is not only for the growth of our company, but also to contribute to a sustainable energy transition on a global scale. It is also important that the solar panels produced by our company have UL certification, which certifies that they have passed the necessary quality and qualification tests to be used in the USA.

8. INCENTIVES

The main types and amounts of incentives utilized are summarized in the table below;

Incentive Type	31.12.2022	31.12.2023
Employer Incentives According to Law No. 5510	4.650.021	19.014.225
Employer Incentives According to Law No. 6111	655.891	5.677.387
Employer Incentives According to Law No. 4857	111.768	510.666
Employer Incentives According to Law No. 3294	13.806	266.238
Employer Incentives According to Law No. 5746	225.697	684.361
Employer Incentives According to Law No. 7103	7.347.172	-
Employer Incentives According to Law No. 15510	-	400.734
Vocational Training Center Program Incentive	-	13.463.116
TOTAL	**13.004.355**	**40.016.727**
Investment Incentive Certificate Discount	162.492.995	82.467.426

Incentive Type	31.12.2022	31.12.2023
Directorate of Technology and Innovation Support Programs Support Program	290.742	139.056
SSI Incentive	13.004.355	40.016.728
R&D discount	445.984	21.105.852
Investment Incentive Certificate Discount	162.492.995	82.467.426
TOTAL	**176.234.076**	**143.729.062**

9. SUBSIDIARIES

The Company has a total of 6 subsidiaries, with 4 in Türkiye, 1 in Germany, and 1 in the USA. Below are the details of the subsidiaries named CW International Renewable Energy Production Inc., Ereğli Organizasyon İnşaat Hayvancılık Tarım Gıda Sanayi ve Ticaret A.Ş., CW Solar Cell Enerji A.Ş., CW Storage Enerji A.Ş., CW Energy usa, Inc., and TTATT AG.

9.1. CW International Yenilenebilir Enerji Üretim A.Ş.

CW International Yenilenebilir Enerji Üretim A.Ş. ("CW International") was established on 26.09.2017 and registered with the Antalya Trade Registry Directorate in Antalya Free Zone, Türkiye. The establishment was announced on 05.10.2017. CW International was established for the purpose of trading solar energy panels and solar energy system products. It currently continues its activities in this field. (CW Enerji Ownership Share 100%; company capital 1 Million TL).

9.2. Ereğli Organizasyon İnşaat Hayvancılık Tarım Gıda Sanayi ve Ticaret A.Ş.

While the main activity of Ereğli Organizasyon is livestock, there is no income derived from its main activity. However, it has earned income by supplying the electricity it has produced to the grid with 1200 kWe Installed Power in Karataş District of Adana Province with Ereğli Tarım SPP, which it owns, between 04.10.2021 and 11.08.2022. As a result of changes in the Regulation on Unlicensed Electricity Generation in the Electricity Market, there is no production income from 11.08.2022 onwards. Currently, Ereğli SPP only produces electricity for self-consumption. The property where Ereğli Organizasyon operates is owned by the Company, and a lease agreement has been concluded between the Company and Ereğli Organization. (CW Enerji Ownership Share 100%; company capital 50 Thousand TL).

9.3. TTATT AG

TTATT AG was established on 12.05.2022 in Munich, Germany. The Company owns 100% of TTATT AG's capital. TTATT AG's activities include the production, sale, and online trade of solar panels. Additionally, TTATT AG develops products such as solar modules, wind turbines, and other equipment in the energy sector and software in the energy field. Moreover, TTATT AG is authorized to establish subsidiaries abroad and to hold and manage partnership shares on its own behalf, not as a service to third parties. (CW Enerji Ownership Share 100%; company capital 50 Thousand Euro).

9.4. CWSE Group Gmbh and CWSE Management Gmbh

Two separate companies, CWSE Group GmbH and CWSE Management GmbH, have been established, of which SEAC Holding GmbH based in Germany will be 50% owned by TTATT AG and thus indirectly by our Company.

9.5. CW Storage Enerji A.Ş.

Our company was established in 2023 to carry out R&D (product research, development, and testing) activities related to various electrical, electronic, mechanical, and chemical products related to lithium batteries, thermal batteries, fuel cells, battery laboratory test systems, energy storage systems and transmission systems for energy storage purposes, to trade domestically and internationally all products, systems, materials, mechanical and chemical components, electronic cards, software and system within the scope of R&D activities, and to provide services and maintenance, etc. (CW Enerji Ownership Share 100%; company capital 250 Thousand TL).

9.6. CW Solar Cell Enerji A.Ş.

Our company was established in 2023 for the purpose of establishing and operating a solar cell production facility for photovoltaic (PV) solar modules, and producing photovoltaic solar modules. The company's integrated cell production facility investment is ongoing (CW Enerji Ownership Share 100%; company capital 500 Thousand TL).

9.7. CW Energy usa, Inc.

Our company was established in 2023 for the purpose of operating in the photovoltaic energy production sector, including production and sale of photovoltaic solar panels, turnkey installation of solar energy systems, design, engineering and maintenance services, supply and sale of solar energy system equipment, energy production from the sun, etc. (CW Enerji Ownership Share 100%; no initial capital requirement during the establishment stage).

10. ABOUT RELATED PARTY TRANSACTIONS

In accordance with the Capital Markets Board's (CMB) Corporate Governance Communique No. II-17.1 on "Common and Continuous Offerings," the transactions conducted by our Company with related parties in 2023 were approximately 3% of the revenue and sales cost disclosed in the publicly announced 2023 financial statements, and did not exceed 10%. The conditions of the transactions with the related parties of our Company are in line with market conditions. Detailed information on the transactions conducted by our Company with related parties in 2023 is disclosed in Note 5 of our publicly announced financial statements for the 2023 activities. It has been determined that the ratio of revenue and sales cost for the Company's common and continuous leasing, purchase and sale of goods, etc. transactions with related parties did not exceed the 10% limit in 2023.

11. OTHER MATTERS

11.1. CURRENT LEGISLATION

As of February 2022, Solar Energy and Wind Energy plant investments have been included in the scope of at least 4th Region incentives, regardless of their location. Within this scope, the projects will be provided with Value Added Tax exemption, in addition to customs duty, a 30% corporate tax reduction, and employer's share of insurance premium support for 6 years. As of August 2022, the Energy Market Regulatory Authority has provided significant flexibility by removing the requirement that production and consumption facilities for self-consumption projects must be within the distribution zone boundaries, except for certain exceptions. With the Law enacted in July 2022, investment incentives have been introduced for electricity storage facilities. Within this scope; entrepreneurs investing in electricity storage facilities are given the opportunity to obtain a license for solar and/or wind power plant investments corresponding to the investment capacity they will make, without any other precondition. However, with the Regulation Amending the Electricity Market Licensing Regulation published in the Official Gazette dated 14.10.2023 and numbered 32339, it was regulated as "Until a decision is taken by the Board in accordance with the seventh paragraph of Article 12, no applications shall be accepted for storage electric production facilities within the scope of the fourteenth paragraph of Article 12 and the twenty-first paragraph of Article 24." In accordance with this provision, the Energy Market Regulatory Authority does not accept applications for storage electric production facilities until a new decision is taken.

The Energy Market Regulatory Authority has removed the requirement for auxiliary resource power in licensed hybrid plants to be at the level of 15% of the main source installed power.

11.2. IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

-As stated in the special situation disclosure dated March 28, 2024, the Company's investment application for the aluminum frame production facility has been approved by the Ministry of Industry and Technology with the incentive certificate dated 26.03.2024, and investment has been initiated by placing machine orders.

-As stated in the special situation disclosure dated April 15, 2024, in accordance with the provisions of the Capital Markets Board (CMB) Communique II-18.1 on the Registered Capital System; an application has been made to the Capital Markets Board for the amendment of Article 6 titled "Capital and Shares" of the Company's Articles of Association to increase the Company's registered capital ceiling from 500,000,000 TL to 4,000,000,000 TL and to determine the validity period of the registered capital ceiling as 2024-2028.

-As stated in the special situation disclosure dated December 13, 2023, the Company has established two separate companies, CWSE Group GmbH and CWSE Management GmbH, of which its subsidiary TTATT AG will participate in 50% and thus indirectly by our Company, in partnership with SEAC Holding GmbH based in Germany. CWSE Group GmbH, which has completed the independent valuation study; SEAC Projekt GmbH has acquired all shares of; SEAC Invest 6, SEAC Invest 7, SEAC Invest 10, SEAC Invest 16, SEAC Invest 17, SEAC Invest 20, SEAC Invest 21, SEAC Invest 22, SEAC Invest 26, SEAC Invest 27, SEAC Invest 30, SEAC Invest 32, SEAC Invest 51, SEAC Invest 59, and SEAC Invest 60 GmbH Co&KG and SEAC Invest 58 GmbH. CWSE Group GmbH has acquired the rights of a 31.92 MW solar power plant currently in operation and a 1,656 MW capacity solar energy project in the project development stage. All of the operational and under-development projects subject to the transfer transaction are located in Germany. In accordance with the valuation report dated December 19, 2023, prepared by Karar Bağımsız Denetim ve Danışmanlık A.Ş., CWSE Group GmbH will pay a total of

100,000,000 Euro (One Hundred Million Euros) to SEAC Holding GmbH. TTATT AG, considering its 50% share in CWSE Group GmbH, will pay 10,000,000 Euro (Ten Million Euros) according to the payment plan, 7,500,000 Euro (Seven Million Five Hundred Thousand Euros) by May 30, 2024, 7,500,000 Euro (Seven Million Five Hundred Thousand Euros) by June 30, 2024, and the remaining 25,000,000 Euro (Twenty-Five Million Euros) upon completion of the 300 MW capacity project.

11.3. INFORMATION TO STAKEHOLDERS

Shares of CW Enerji Mühendislik Ticaret ve Sanayi Anonim Şirketi are traded on Borsa Istanbul (BIST) under the symbol CWENE on the Star Market.

Information about the company's shares is available on our website, in the daily newspapers' economy pages, on investment companies' internet portals, and on data terminals of relevant service providers. The company's financial reports and other information can also be obtained from the company's website at https://cw-enerji.com/tr/.
The corporate compliance report and sustainability report were disclosed through the public disclosure platform on 06.05.2024.

11.4. INVESTOR RELATIONS DEPARTMENT CONTACT INFORMATION

All activities related to shareholders are carried out within the Financial, Accounting, and Financial Affairs Deputy General Management of the Company. The contact information of the Investor Relations Department of the Company is available on the website at https://cw-enerji.com/tr/.


CW Enerji
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444 20 02
cw-enerji.com