

NATUREL YENILENEBİLİR ENERJİ VE TİCARET A.Ş.

MANAGEMENT DISCUSSION OF ANALYSIS AND RESULTS

01.01.2023 - 31.12.2023

STRATEGIC REPORT

Fair Review of the Business

Founded on 8 October 2009, in Ankara, Naturel Yenilenebilir Enerji ve Ticaret A.Ş. (The “Company” or “Naturel Enerji”) is a solar energy company engaged in production of electricity from renewable sources and provision of turn-key EPC services for solar power plant installation. The Company is publicly listed in BIST and is included in BIST Sustainability Index.

Naturel Enerji is engaged in production of renewable energy and provision of a wide range of services in the renewable energy sector with its direct and indirect subsidiaries (“Naturel Enerji Group”):

Esenboğa Elektrik Üretim A.Ş., (“Esenboga Elektrik”) is a subsidiary of Naturel Enerji providing project development and turnkey EPC services for industrial roof type SPPs. Esenboga Elektrik provides EPC services for leading reputable companies such as Mercedes and Ford and is publicly listed in BIST and trading in BIST Sustainability Index.

Margün Enerji Uretim Sanayi ve A.S. (“Margun Enerji”), an indirect subsidiary of Naturel Enerji via ownership through Esenboga Elektrik, is engaged in project development and turnkey EPC services in the international markets. Margun Enerji also owns and operates 88 solar power plants under the Unlicensed Electricity Generation legislation and 1 solar power plant under the Licensed Electricity Generation legislation and generates solar energy with a capacity of 118.03 MWp. Margun Enerji is publicly listed in BIST and trading in BIST Sustainability Index.

Angora Elektrik A.Ş., an indirect subsidiary of Naturel Enerji, provides operation and maintenance services for all SPPs within the Group, as well as SPPs of customers and investors outside the Group.

The Company is well positioned with its subsidiaries providing full range of services in renewable energy sector, predominantly in solar energy market. The Company is a preferred solution partner for reputable customers with its strong sustainability vision and ESG reporting. The Company also has a strong asset position and a cash position which makes it a strong candidate for new project development and investments.

Description of Principle Risks and Uncertainties

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value. Revenue comprises the invoiced value for the sale of goods and services. Revenues are recognized on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured, and it is probable that the future economic benefits associated with the transaction will flow to the entity.

Group- As Lessor

If the Company transfers substantially all the risks and rewards of ownership of an underlying asset, it is classified as a finance lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract. At the commencement date of the lease, the Company recognizes a receivable equal to the net lease investment in the statement of financial position instead of the assets granted as finance leases. The implicit interest rate on the lease is used to measure the net lease investment. The Company recognizes financing income over the lease term on a basis that reflects a constant periodic rate of return on the net lease investment.

The Company provides foreign exchange risk protection on the balance sheet by borrowing in the same currency against foreign exchange risks arising from foreign currency sales amounts that are highly likely to be realized at future dates within the scope of the agreements it has concluded and the corporate budget. In this context, repayments of foreign currency borrowings that are subject to hedging accounting and are determined as hedging instruments are made with foreign currency sales cash flows that will be realized at close dates and determined as hedging items within the scope of hedging accounting. The Company determined exchange rate risk management strategy as part of a high probability of risk realization estimated transaction hedging exchange rate risk cash flow hedge accounting hedging instrument for the purpose of being applied and formed on components, effectiveness has been proven mathematically and in accordance TFRS 9, which isn't yet realized exchange rate fluctuations in the income statement the income statement Comprehensive Income Statement of pulling from the park aims at the presentation and healthier, As of 31 December 2023 the hedging ratio has been calculated as 93%, and the hedging efficiency as 96%.

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing flow of resources through the optimization of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 18 of the Company's IFRS report, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The board of directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board, the Company targets to balance its overall capital structure through new debt or the redemption of existing debt. The Company's overall strategy remains unchanged from 2021.

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by a central finance department under policies approved by the board of directors. Company's finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. Credit risk management Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments of the Company that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Company's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by closely monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Analysis of Development and Performance

The Company's electricity generation from its SPPs and EPC service revenues showed a strong growth performance over the years and in 2023 increased by 73% and 100%, respectively from its 2022 levels.

This increase in EPC services can be attributed to continuous addition of new contracts from reputable institutional domestic customers who chose the Company as a high quality, trustable, transparent service provider.

Net Sales TRY	31.12.2023	%	31.12.2022	%	31.12.2021	%	31.12.2020	%	31.12.2019	%
Electricity Generation	739.089.028	73%	427.547.110	43,66	225.644.272	38,30	60.618.092	42,46	23.976.759	34,52
EPC Services	1.104.564.723	100%	551.669.546	56,34	363.538.307	61,70	82.139.090	57,54	45.473.922	64,48
TOTAL	1.843.653.751		979.216.656		589.182.579		142.757.182		69.450.681	

EVENTS AFTER REPORTING PERIOD

None.

Analysis of Key Performance Indicators

As a renewable energy company, our key KPI is the MW capacity contracted and built in solar power sector.

The table below shows the new contract additions in 2022. New contracts can be attributed to the quality in our service provision but also the Company's recognition as a stakeholder that takes actions in becoming more sustainable in operations and reporting on ESG criteria with Refinitiv.

CUSTOMER	CONTRACT SIZE (kWp)	CONTRACT VALUE	CONTRACT VALUE	CONTRACT DATE
İSTİNYE GES1 - İSTİNYE GES2	33,999.55 kWp	\$29.518.132,46		15.05.2023
ETİ SODA ÜRETİM	2.593,80 kWp	\$2.490.045,74		18.09.2023
GÜNEŞ PLASTİK	5.205,20 kWp	\$2.550.548,00		3.11.2023
İZMİR ÖZEL TÜRK KOLEJİ	990 kWp	\$654.500,00		10.11.2023
A QUİNTA BY WYNDHAM OTE	990 kWp	\$654.500,00		10.11.2023
TOTAL PETROL ÇATI GES	160.80 kWp	\$125.000,00		25.01.2022
GÖKTİMUR BAKIM EVİ	186.03 kWp	\$125.000,00		18.05.2022
FORD	3,600 kWp		€ 2.655.000,00	11.04.2022
MEFA	712.12 kWp	\$405.275,94		15.04.2022
	2,142.72 kWp	\$1.209.207,68		15.04.2022
	1,019.52 kWp	\$580.106,88		15.04.2022
GETİNGE	1,476.41 kWp	\$974.427,33		18.04.2022
KADİFETEKS	5,269.06 kWp	\$3.319.507,80		13.05.2022
MERCEDES	2,670.00 kWp	\$3.420.902,00		18.10.2022
ECZACIBAŞI	4,290.80 kWp	\$2.417.867,00		18.05.2022
ECZACIBAŞI	3,695.8 kWp	\$21.133.852,00		24.05.2022
MEDİGÜNEŞ HASTANESİ	1.150 kWp	\$774.084,60		23.12.2021
	70.152,01	\$70.352.957,43	€ 2.655.000,00	

Land Type EPC Activities

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Naturel Yenilenebilir Enerji Ticaret A.Ş. and Orjin Gayrimenkul Yatırım İnşaat A.Ş for the turnkey installation of the "TURNKEY SELF-CONSUMPTION LAND TYPE SOLAR POWER PLANT" to meet İzmir İstinye Park Mall and Orjin Maslak İş Merkezi's electricity need. The relevant agreement involves end to end project, including land and project development, licensing, EIA and zoning process. With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The project is USD 29,518,132.46 (TRY 580,326,484.16+VAT).

Within the scope of EPC activities of our Company, a contract was signed dated on 23.12.2021, between Naturel Yenilenebilir Enerji Ticaret A.Ş. and Özel Salihli Güven Sağlık Hizmetleri A.Ş. "Medigüneş Hastanesi", for the turnkey installation of the LAND TYPE SOLAR POWER PLANT. The contract price of the project is TRY 9,640,062.57 (USD 774,084,60) excluding VAT and to it will be held in Manisa. Mentioned in the contract installation of Land type Solar Power Plant has been completed and accepted by relevant institutions and solar power plant has started energy production.

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Naturel Yenilenebilir Enerji Ticaret A.Ş. and

Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş, for the turnkey installation of the "TURNKEY SELF-CONSUMPTION LAND TYPE SOLAR POWER PLANT" to meet the electricity needs of Eti Soda Factory in Ankara/Beypazarı. The relevant agreement involves end to end project, including land and project development, licensing, EIA and zoning process. With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The project is USD 2,490,045.74 (TRY 67,184,920.13+VAT).

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Naturel Yenilenebilir Enerji Ticaret A.Ş. and Güneş Plastik Kalıp Sanayi Ve Ticaret A.Ş, for the turnkey installation of the "TURNKEY SELF-CONSUMPTION LAND TYPE SOLAR POWER PLANT" to meet the electricity needs of plastic factory of company located in Eskişehir and Gebze. With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The project is USD 2,550,548.00 excluding VAT. (TRY 72,196,576.85+VAT).

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Naturel Yenilenebilir Enerji Ticaret A.Ş. and Mavi Tur Bodrum Mavi Turizm San. ve Tic. A.Ş for the turnkey installation of the "TURNKEY SELF CONSUMPTION LAND TYPE SOLAR POWER PLANT" to meet the electricity needs of La Quinta by Wyndham Oteli in Aydın/Nazilli. With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The project is USD 654,500.00 (TRY 18,637,476.55 +VAT).

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Naturel Yenilenebilir Enerji Ticaret A.Ş. and Tatiş Eğitim ve Öğretim İşletmeciliği San.Tic.A.Ş. for the turnkey installation of the "TURNKEY SELF CONSUMPTION LAND TYPE SOLAR POWER PLANT" to meet the electricity needs of İzmir Özel Türk Koleji in İzmir/Dikili. With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The project is USD 654,500.00 (TRY 18,637,476.55 +VAT).

Rooftop EPC Activities

Within the scope of our company's turnkey contracting activities for solar power plants, Esenboğa Elektrik Üretim A.Ş. and Güzel Enerji Akaryakıt A.Ş. (Total Türkiye), one of the group company of OYAK, signed a contract about "Rooftop Self-Consumption Solar Power Plant Installation" The pilot project to be carried out at Total Güzelce Station will be the first in our country and will be one of the few concept fuel stations in the world with its advanced engineering solutions and high technology infrastructure. The contract price is 1,673,075 Turkish Liras (125,000 USD) excluding VAT.

Within the scope of Solar Power Plant EPC activities of our company, an agreement has been signed between Esenboğa Elektrik Üretim A.Ş. and Ark İnşaat Sanayi ve Tic. A.Ş., subsidiary of Koç Group, for the turnkey installation of the "Self-Consumption Rooftop and Facade Solar Power Plant" of the Ford Otomotiv Sanayi A.Ş.. With a power of 3.6 MW, roof

and facade solar power plant will be applied to Yeniköy Facilities Welding Building located in Başiskele District of Kocaeli Province which is under the administration of the Ford Otomotiv Sanayi A.Ş.. By using advanced technology of transparent solar panels on the side facade, sunlight will illuminate the interior and also electricity will be produced. In addition, on this special project, solar panels will be placed on the rooftops and electricity will be produced from solar energy, while greatly contributing to the reduction of carbon emissions. As the best and most innovative bidder, the price will be EUR 2,665,000 (TRY 46,547,991+VAT) excluding VAT.

Within the scope of Solar Power Plants EPC activities of our company, a contract was signed between Esenboğa Elektrik Üretim A.Ş. and Mefa Endüstri A.Ş. for the turnkey installation of the "SELF-CONSUMPTION ROOFTOP SOLAR POWER PLANT". The contract price of the project is USD 2,204,510.84 (TRY 32,171,088) excluding VAT and to be built in Ankara, Bolu and Tekirdag. Mentioned in the contract installation of Solar Power Plant have been completed and commissioning of TEDAŞ (Turkish Electricity Distribution Company) has been completed.

Within the scope of Solar Power Plants EPC activities of our company, a contract was signed between Esenboğa Elektrik Üretim A.Ş. and the MAQUET CARDIOPULMONARY MEDİKAL TEKNİK SAN. TİC. LTD. ŞTİ. incorporate of Getinge AB located in Sweden, for the turnkey installation of the "SELF-CONSUMPTION ROOFTOP SOLAR POWER PLANT". It is the first SPP project to be build in Antalya Free Zone and our contract price is USD 993,643.20, excluding VAT. (TRY 14,525,176+VAT). Mentioned in the contract installation of Solar Power Plant have been completed and commissioning of TEDAŞ (Turkish Electricity Distribution Company) has been completed.

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Esenboğa Elektrik Üretim A.Ş. and Kadifetek Mensucat San. A.Ş. for the turnkey installation of the "SELF-CONSUMPTION ROOFTOP SOLAR POWER PLANT". With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The contract price of the project is USD 3,213,000.00 (TRY 49,327,904+VAT) excluding VAT. Mentioned in the contract installation of Solar Power Plant have been completed and commissioning of TEDAŞ (Turkish Electricity Distribution Company) has been completed dated on 17.01.2023.

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Esenboğa Elektrik üretim A.Ş. and Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş., subsidiary of Eczacıbaşı Holding, for the turnkey installation of the " SSG Bozuyük factory selfconsumption rooftop solar power plant". With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The contract price of the project is USD 2.417.867,00 (TRY 38,174,735+VAT) excluding VAT. Mentioned in the contract installation of Roof type Solar Power Plant has been completed and accepted by relevant institutions and solar power plant has started energy production.

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, a contract has been signed between Esenboğa Elektrik üretim A.Ş. and Vitra Karo

Sanayi ve Ticaret A.Ş., subsidiary of Eczacıbaşı Group, for the turnkey installation of the " Vitra Karo Bozuyuk factory self-consumption rooftop solar power plant". With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The contract price of the project is USD 2.113.852,00 (TRY 34,000,464+VAT) excluding VAT. Mentioned in the contract installation of Roof type Solar Power Plant has been completed and accepted by relevant institutions and solar power plant has started energy production.

Within the scope of turnkey contracting activities (EPC) for solar power plants of our company, contract has been signed between Esenboğa Elektrik Üretim A.Ş. and Mercedes Benz Türk A.Ş for the turnkey installation of the "SELF-CONSUMPTION ROOFTOP SOLAR POWER PLANT". With this investment, electricity will be produced from solar energy and it will also contribute greatly to the reduction of carbon emissions. The contract price of the project is USD 3.420.902,00 (TRY 63.513.493 +VAT) excluding VAT. Mentioned in the contract installation of Roof type Solar Power Plant has been completed and accepted by relevant institutions and solar power plant has started energy production.

Earnings per share

Earnings per share disclosed in the statement of profit or loss are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

This section describes how the Directors has had regard to the matters set out in Section 172

Having regard to the likely consequences of any decisions in the long term

We regard the long-term consequences of the decisions to ensure the sustainability of the Company operations for the benefit of the Company's investors, employees, suppliers, customers and other stakeholders. The sustainability policy ensures that the Company integrates sustainability in all decision-making levels and operations. The Company reports on its sustainability efforts with annual sustainability reports as well as Refinitiv ESG reporting to measure the Company progress.

Having regard to interests of employees

The Company works in line with a Human Resource Policy following global developments in human resources management, treating its employees respectfully and fairly and helping them with their career development as well as sustaining work life balance. To help with sustaining the work-life balance of its employees, the Company provides them with the option to work from home once in two weeks. The Company also supports its employees personal career development with in-house and 3rd party education and training programmes. The Company has a breakfast policy where employees are provided breakfast by the Company. The Company also has policies to provide its employees with financial support for day-care, elderly care, commute, and energy bills during winter months.

Having regard to the need to foster the Company's and its subsidiary Companies business relationship with suppliers, customers and others

The Company and its subsidiaries ethics policy, sustainability policy determine their strategies and decisions to foster their relations with suppliers and customers. The Company and its subsidiaries applied to become UNGC signatories to ensure that they integrate the UNGC principles in their business and decision making. The after sales, operation and maintenance service of Naturel Enerji Group also helps them foster their relations with customers enabling them to retain these services from the same group.

Having regard to the need the impact of the Company's and its subsidiary operations on the community and the environment

As a renewable energy company, the Company and its subsidiaries regard their impact on environment and community highly. The Company and its subsidiaries have a net-zero emission policy to achieve a net-zero target by 2024. They ensure to recycle all office and SPP site related waste and, also raise awareness with suppliers and customers to employ the same principles. The Company and its subsidiaries value biodiversity and plan SPP installations so that they do not harm biodiversity. The Company and its subsidiaries are developing social responsibility projects to add value to the local communities where we install and operate SPPs by raising awareness on sustainability as described in the Company's 2023 sustainability report.

Having regard to the desirability of the Company and its subsidiary maintaining a reputation for high standards of business conduct

Maintaining high standard business conduct is very important for Naturel Enerji Group. The Company and its subsidiaries have sustainability and ethics policies and practice strong corporate governance standards abiding by the laws, regulations of the sector. The Company reports on its ESG practices via Refinitiv for all public Naturel Enerji Group companies.

Having regard to the need to act fairly between members of the Company

The Company has written and published policies to ensure the members have clear guidelines in terms of code of conduct. The human resource policy ensures equal opportunities for employees and ensures individual professional development potential while regarding work life balance. The ethics policy and UNGC principles are practiced to ensure that the Company does not tolerate any unethical behaviour. The Company has an ethics telephone line encouraging open communication and reporting of material issues. The Company reports on ESG practices ensuring equality, diversity and transparency in all decision making. Eg. the Company ensures to take decisions to sustain the gender equality and monitor salary gap at all management levels. These actions are reported in the Company 2023 Sustainability report.