



**REPORT ON REALIZATION AND EVALUATION OF THE ASSUMPTIONS USED IN  
DETERMINING THE IPO PRICE**

**This report has been prepared pursuant to the Capital Markets Board Communiqué on  
Shares No. VII-128.1 article 29/5.**

**May 17, 2023**

## 1. Subject of the Report

Pursuant to the Capital Markets Board Communiqué on Shares No. VII/128.1 article 29/5, the Audit Committee has prepared this Report ("Report") on Realization and Evaluation of the Assumptions used in Determining the IPO Price, which includes evaluations on whether the assumptions used in determining the initial public offering price of Galata Wind Enerji A.Ş. ("Galata" or "Company") have been realized.

## 2. Valuation Methods and Calculations Used in the Price Determination Report

According to the Price Determination Report, issued by Garanti Yatırım Menkul Kıymetler A.Ş. ("Garanti Yatırım"), the intermediary facilitating the initial public offering of the company shares, on 05.04.2021 and published on the Public Disclosure Platform on 09.04.2021, the company's market value and the initial public offering price have been determined based on the following assumptions.

In the Price Determination Report, the Market Approach (Multiple Analysis) and the Income Approach (Discounted Cash Flow) method from IVS 105: Valuation Approaches and Methods were used to determine the value per share to be offered to the public.

### a- Market Approach: Multiple Analysis

The EV/EBITDA averages of comparable domestic and foreign enterprises were multiplied by Galata Wind's EBITDA figure for 2020 to reach the company value.

In the valuation - as per IVS 105: Valuation Approaches and Methods article 30.12 clause (f) - various valuation metrics (similar domestic and foreign enterprises' multiples) were weighted and equal weight was assigned to similar domestic and foreign enterprises. Using this method, the company value of Galata Wind was calculated at TL 4,460,228,357 and the shareholders' equity value was found to be TL 3,875,718,066 after deducting the net financial liability and dividend pay-out amounts.

The table below shows the multiple results of similar domestic and foreign enterprises and the summary of the multiple analysis.

|                              | <b>EV/EBITDA<br/>Multiple</b> | <b>2020 EBITDA</b> | <b>Calculated<br/>Enterprise Value</b> |
|------------------------------|-------------------------------|--------------------|----------------------------------------|
| Similar Domestic Enterprises | 15.8x                         | 263,796,606        | 4,180,215,261                          |
| Similar Foreign Enterprises  | 18.0x                         | 263,796,606        | 4,740,241,453                          |
| Calculated Enterprise Value  |                               |                    | 4,460,228,357                          |
| Net Financial Liabilities    |                               |                    | 484,510,291                            |
| Dividend Pay-Out             |                               |                    | 100,000,000                            |
| Shareholders' Equity         |                               |                    | 3,875,718,066                          |

### b- Income Approach: Discounted Cash Flow ("DCF") Method

With the Discounted Cash Flow Method, the company's cash flows for the next ten years were projected and these figures were discounted using the WACC method. The market approach/exit value method was used to calculate the terminal value.

Average EV/EBITDA multiples of similar domestic and foreign enterprises are used in calculating the terminal value. After the terminal value was calculated for the period after 2030 by multiplying this multiple by the forecasted EBITDA for 2030, it was discounted to present day by the discount factor for 2030. Based on the DCF analysis, the Company Value consists of the value for the 10-year projection period and the exit value and the sum of the terminal value after the projection period. With this method, the Company Value was calculated as TL 3,244,168,966 as of 31.12.2020.

|                                         |                      |
|-----------------------------------------|----------------------|
| <b>Projection Period Value</b>          | <b>1,596,281,261</b> |
| EBITDA for 2030                         | 389,264,972          |
| EBITDA Multiple                         | 16.9x                |
| Valuation post 2030                     | 6,581,626,254        |
| Discount factor for 2030                | 0.25                 |
| <b>Current value of post 2030 value</b> | <b>1,647,887,705</b> |
| <b>DCF Valuation</b>                    | <b>3,244,168,966</b> |

The company's shareholders' equity value calculated as explained above was adjusted as follows to reflect the value on April 5, 2021 by also taking into account the dividend pay-out of TL 100,000,000 prior to the initial public offering to reflect the shareholders' equity value as of April 5, 2021, the valuation date, and the shareholders' equity value was found to be TL 2,830,692,480.

|                                               |                      |
|-----------------------------------------------|----------------------|
| <b>DCF Enterprise Value</b>                   | <b>3,244,168,966</b> |
| Net Financial Liabilities                     | 484,510,291          |
| DCF Shareholders' Equity                      | 2,759,658,675        |
| Valuation Factor for Valuation Date           | 1.06                 |
| <b>Shareholders' Equity by Valuation Date</b> | <b>2,930,692,480</b> |
| Adjustment for Dividend Pay Out               | 100,000,000          |
| <b>Adjusted DCF Shareholders' Equity</b>      | <b>2,830,692,480</b> |

### c- Valuation Result:

According to the valuation study conducted by Garanti Yatırım for the company, the Discounted Cash Flow Method and Multiple Analysis Method were weighted by 50%-50%, and the company's pre-IPO market value and shareholders' equity valuation was calculated at TL 3,353,205,273 as follows.

|                          | <b>Shareholders' Equity</b>          | <b>Weight</b> | <b>Calculated Shareholders' Equity Valuation</b> |
|--------------------------|--------------------------------------|---------------|--------------------------------------------------|
| DCF Method               | 2,830,692,480                        | 50%           | 1,415,346,240                                    |
| Multiple Analysis Method | 3,875,718,066                        | 50%           | 1,937,859,033                                    |
|                          | <b>Weighted Shareholders' Equity</b> |               | <b>3,353,205,273</b>                             |

**d- Discount Calculation Prior to IPO:**

Based on the valuation methods, the value per share with a nominal value of TL 1 over the Company's pre-IPO Shareholders' Equity Value has been calculated as TL 5.06 with 19% public offering discount.

|                                              | Summary       |
|----------------------------------------------|---------------|
| Calculated Shareholders' Equity Value        | 3,353,205,273 |
| Galata Wind's Paid-in Capital                | 534,791,458   |
| Value per Share with a Nominal Value of TL 1 | 6.27          |
| <b>Initial Public Offering (IPO) Price</b>   | <b>5.06</b>   |
| <b>Initial Public Offering Discount Rate</b> | <b>19%</b>    |
| IPO Discounted Shareholders' Equity Value    | 2,706,044,776 |

**3. Projection and Realization Data****a- Income and EBITDA:**

Since there is no forecast for the three months of 2023 in the Price Determination Report, ignoring the seasonality of the annual forecasts in the report, 1/4 of total forecasted amount is taken into consideration. The 1st Quarter forecast and actual data for 2023 are calculated as follows.

| TL Thousand                       | 2023<br>Projection | 2023 Q1<br>Forecast | 2023 Q1<br>Realized | Actualization<br>(%) |
|-----------------------------------|--------------------|---------------------|---------------------|----------------------|
| <b>Total Income</b>               | <b>414.574</b>     | <b>103.644</b>      | <b>337.131</b>      | <b>225,3%</b>        |
| <i>Electricity Sales Revenues</i> | <i>411.038</i>     | <i>102.760</i>      | <i>311.040</i>      | <i>202,7%</i>        |
| <i>Carbon Credit Revenues</i>     | <i>3.536</i>       | <i>884</i>          | <i>26.090</i>       | <i>2851,4%</i>       |
| <b>Total Expenditure</b>          | <b>-107.581</b>    | <b>-26.895</b>      | <b>-69.197</b>      | <b>157,3%</b>        |
| <b>EBITDA (*)</b>                 | <b>306.993</b>     | <b>76.748</b>       | <b>267.933</b>      | <b>249,1%</b>        |

\* Calculation formula: EBITDA = Total Income including revenues from sales of carbon certificate rights - Total operating expenditures + Depreciation and amortization total.

| TL Thousand                       | 2022 Q1 Realized | 2023 Q1 Realized | Realization % |
|-----------------------------------|------------------|------------------|---------------|
| <b>Total Income</b>               | <b>290.018</b>   | <b>337.131</b>   | <b>16,2%</b>  |
| <i>Electricity Sales Revenues</i> | <i>284.855</i>   | <i>311.040</i>   | <i>9,2%</i>   |
| <i>Carbon Credit Revenues</i>     | <i>5.163</i>     | <i>26.090</i>    | <i>405,4%</i> |
| <b>Total Expenditure</b>          | <b>-33.267</b>   | <b>-69.197</b>   | <b>108,0%</b> |
| <b>EBITDA</b>                     | <b>256.750</b>   | <b>267.933</b>   | <b>4,4%</b>   |

Since there are no forecasts for the three months of 2023 in the Price Determination Report, comparison of the Company's 3rd quarter results for 2022 and 2023 will give a more reliable result in order to make an assessment. When the Company's first quarter 2023 results are compared with the same period of the previous year, it is seen that total revenues increased by 16.2% and EBITDA increased by 4.4% compared to the same period of the previous year.

**b- Production – Realized:**

In the Price Determination Report, the annual production amounts (total 759.80 thousand MWh) in the table below, in the calculation of total revenue and EBITDA and the annual average 8.63 exchange rate for sales made in US Dollars within the scope of YEKDEM are taken as basis. Since no monthly/quarterly estimations are made in terms of production amounts in the report, production data, as in Income and EBITDA, are calculated by ignoring the seasonality of annual forecasts and taking 1/4 of them, and 2023 1st Quarter forecast and actual data are calculated as follows.

| <b>Power Plant</b> | <b>Annual Power Generation Projection for 2023 (thousand MWh)</b> | <b>Power Generation in 2023 Q1 – Projection (thousand MWh)</b> | <b>Power Generation in 2023 Q1 – Realized (thousand MWh)</b> | <b>Realization (%)</b> |
|--------------------|-------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|------------------------|
| Mersin WPP         | 190,00                                                            | 47,50                                                          | 51,87                                                        | 9,2%                   |
| Şah WPP            | 329,40                                                            | 82,35                                                          | 76,36                                                        | -7,3%                  |
| Taşpınar WPP       | 187,10                                                            | 46,78                                                          | 47,66                                                        | 1,9%                   |
| <b>WPP Total</b>   | <b>706,50</b>                                                     | <b>176,63</b>                                                  | <b>175,89</b>                                                | <b>-0,4%</b>           |
| Erzurum SPP        | 39,30                                                             | 9,83                                                           | 6,70                                                         | -31,8%                 |
| Çorum SPP          | 14,00                                                             | 3,50                                                           | 2,42                                                         | -30,8%                 |
| <b>SPP Total</b>   | <b>53,30</b>                                                      | <b>13,33</b>                                                   | <b>9,12</b>                                                  | <b>-31,5%</b>          |
| <b>Grand Total</b> | <b>759,80</b>                                                     | <b>189,95</b>                                                  | <b>185,02</b>                                                | <b>-2,6%</b>           |

As can be seen from the actual production data, in the first three months of the year, the production was 31.5% below the planned production in the price determination report prepared in 2021. The main reason for this situation is the high number of cloudy days, especially in the January-March period. Estimates in Erzurum and Çorum power plants were lower in the range of 30-31%.

Total generation in WPPs was 0.4% lower in the first quarter of the year compared to the estimates in the price determination report. Although the production at Şah WPP was lower than the estimates (-7.3%) due to the loss due to the regional wind regime, the production at Mersin and Taşpınar WPPs was 9.2% and 1.9% above the estimates, respectively. Parallel to other WPP power plants in Turkey, productions were lower in the first quarter due to climate conditions, and it is expected to exceed the levels estimated in the price determination report in the coming periods. When analyzed in comparison with the first quarter of 2022, it was determined that while 10% lower production occurred in WPPs, 12% higher production was realized in SPPs. It is expected that the loss experienced due to seasonality in the remaining periods of the year will be closed and the production targets will be realized above the production targets on an annual basis.

**4. Results and Evaluation**

At the end of the first quarter of 2023, the Company produced EBITDA of 39 million TL below the annual EBITDA of 306.9 million TL determined in the Price Determination Report. We anticipate that the Company will strongly exceed the 2023 targets set in the Price Determination Report with the EBITDA to be created in the remaining 9 months of the year.

**Audit Committee****Hüseyin Faik Açıklalın****Chairman****Ozan Korkmaz****Member**