



**Aydem Yenilenebilir Enerji
Anonim Şirketi**

**Realization and Evaluation Report on the Assumptions
Based on the Determination of the Public Offering Price
Prepared by the Audit Committee**

**This Report has been prepared in accordance with
Article 29/5 of the Capital Markets Board's Communiqué
on Shares No. VII-128.1**

17 May 2023

1. General Information

Commercial Title : Aydem Yenilenebilir Enerji Anonim Şirketi (Aydem Renewables)

Address : Adalet Mahallesi Hasan Gönüllü Bulvarı No:15/1 Merkezefendi/
Denizli

Website : www.aydemyenilenebilir.com.tr/en

Company's Field of Activity

- 1) To establish, commission, take over, lease, operate, rent out all kinds of electrical power plants in to generate electrical energy, and to provide engineering, consultancy survey, planning, project and fea-sibility services related to these facilities.
- 2) To sell the electricity and / or capacity so generated within the framework of the relevant legislation.
- 3) To enter into affiliate relations with or without distribution companies incorporated
- 4) To enter into an affiliate relationship with any electric power generation companies incorporated or to be incorporated.

Stock Exchange Traded in: Borsa İstanbul A.Ş.

Registered Capital Ceiling: 2,000,000,000 TL

Issued Capital : 705,000,000 TL

Trade Registry Number: 13798

Tax Office: Pamukkale Tax Office - Denizli

Tax Number : 1650037404

2. Subject and Justification of Report:

This report, which includes evaluations on whether the assumptions used in determining the public offering price of Aydem Yenilenebilir Enerji A.Ş., has been prepared by the Audit Committee in accordance with Article 29/5 of the Capital Markets Board's Communiqué on Shares No. VII-128.1.

3. Explanations:

In the 5th paragraph of the 29th article of the Capital Markets Board's Communiqué on Shares numbered VII-128.1, “The company whose shares are offered to the public for the first time, within ten business days following the public disclosure of its financial statements for two years after the shares start to be traded in the stock market, It is obligatory to prepare a report containing the evaluations about whether the assumptions based on the determination of the supply price have been realized, and if not, the related report must be published on the company's website and on the Public Disclosure Platform with the reasons. This obligation is fulfilled by the audit committee within the partnership. This obligation is fulfilled by the board

of directors for partnerships that do not have the obligation to establish an audit committee. Pursuant to the provision of this report, this report has been prepared and shared with the public.

4. Methods Used in Price Determination Report:

Consortium Leaders and Aydem Renewables (“Company”) on April 1, 2021, the value that will be the basis for the price in the public offering of the Company shares, prepared in order to be determined in accordance with International Valuation Standards in accordance with the "Communiqué on Valuation Standards in the Capital Markets" of the Capital Markets Board No. III.62-1. “Price Determination Report” was published on the Public Disclosure Platform on 09.04.2021 by Yapı Kredi Yatırım. In the Price Determination Report, the company value and the public offering price have been determined as follows.

In order to determine the per share value of Aydem Renewables, the following valuation methods have been examined.

- Book Value Method
- Market Multiplier Analysis

Book Value Method

The book value method is a valuation method calculated by using the method of subtracting the liability figures from the value of a company's assets in the financial position. The power plants owned by the Company are classified as "tangible assets" in the statement of financial position. As stated in Footnote 2.8 of the Independent Audit Report as of 31 December 2022, the Company applies the revaluation model, which is one of the application methods in IAS 16, as an accounting policy in order to present the power plants with their fair values. As stated in the related footnote, the Company obtained a valuation report from an independent valuation company and recorded its power plants with their fair values. The Group has applied the “Discounted Cash Flow (“DCF”) Analysis” in its valuation and impairment studies.” The main assumptions regarding this method are also included in the relevant footnote. Since the revaluation increases of the mentioned tangible assets are reflected in the equity, it is considered reasonable to use them in the valuation of the Group.

Market Multiplier Analysis

Market multiplier analysis is a valuation method based on the price levels of companies traded in the stock exchanges and the data in the financial statements they disclose to the public and certain ratios.

In this valuation method, the Firm Value / EBITDA (FV / EBITDA) and Firm Value / Total Installed Power (FV / Installed Capacity) multipliers of similar companies to be used on the basis of comparison were used and the Company's last 12 months ended on 31.03.2023 (01.04.2022 – 31.03.2023) and the amount of profit before interest, depreciation and tax

(“EBITDA”) and the installed power value of the power plants as of 31.03.2023, the firm value is calculated with both multipliers. In the next step, the equity value of the Group was calculated by deducting the net debt as of 31.03.2023.

5. Valuation Results

Market Multiplier Analysis is a reasonable method as it reflects the current market values of similar companies. On the other hand, the Book Value Method, which reflects the valuation of the Group's tangible assets using the DCF method, also reasonably reflects the value of the Company's current assets. Therefore, the two methods are weighted equally in the valuation study. Again, within the Market Multiplier Analysis, FV / EBITDA and FV / Installed Power multiplier analyzes are weighted equally.

Equity values found as a result of Book Value Method and FV / EBITDA and FV / Installed Power multiplier analyzes are given below:

Valuation Methods Results

Valuation Method	Calculated Equity Value (TL)	%	Equity Value (TL)
A. Market Multiplier Analysis			
- Similar Companies FV / EBITDA Multiplier Method	33,680,349,351 (*)	25	8,420,087,338
- Similar Companies FV / Installed Power Multiplier Method	3,895,079,700 (*)	25	973,769,925
B. Book Value Method	16,965,084,049 (**)	50	8,482,542,025
Average Market Value			17,876,399,287

(*) Calculated by considering the EBITDA and Installed Power multipliers of similar companies. In the coefficients, the Evaluation Report of Yapı Kredi Yatırım's Public Offering Price Determination Report - II dated April 26, 2022 has been taken into account, and the company's EBITDA figure has been calculated as of 31.03.2023..

(**) Audited consolidated financial statements as of 31 March 2023.

With a weighting of 25% - 25% - 50%, the average pre-IPO market value of the Company is calculated as TL 17,876,399,287 . The discount rates calculated from the minimum and ceiling prices before the public offering are calculated below:

6. Discount Calculation Before Public Offering

(TL)	Results	
Nominal Capital Amount	700,000,000	700,000,000
IPO Price (Min – Ceiling)	8.5	9.9
Market Value before IPO	5,950,000,000	6,930,000,000
Market Value before IPO with Valuation Methods	7,698,902,939	7,698,902,939
Discount Rates before IPO	23%	10%

Considering the pre-IPO market values calculated by valuation methods, the pre-IPO discount rate of 23% over the base public offering price is calculated as 8.50 TL, and the pre-IPO discount rate of 10% is calculated over the ceiling IPO price of 9.90 TL.

7. Forecast and Actual Data

The forecast and actual data of the Company for Q1-2023 are calculated as follows:

(TL Million)	Q1-2023 Forecast	Q1-2023 Actual	Variance (%)
Total Revenue	1,690	817	(52%)
<i>Electricity Revenue</i>	1,676	817	(51%)
<i>Other Revenue</i>	14	-	(100%)
Cost of Sales + OPEX (*)	(503)	(275)	(45%)
EBITDA	1,186	542	(54%)

(*) Calculated without depreciation and amortization expenses.

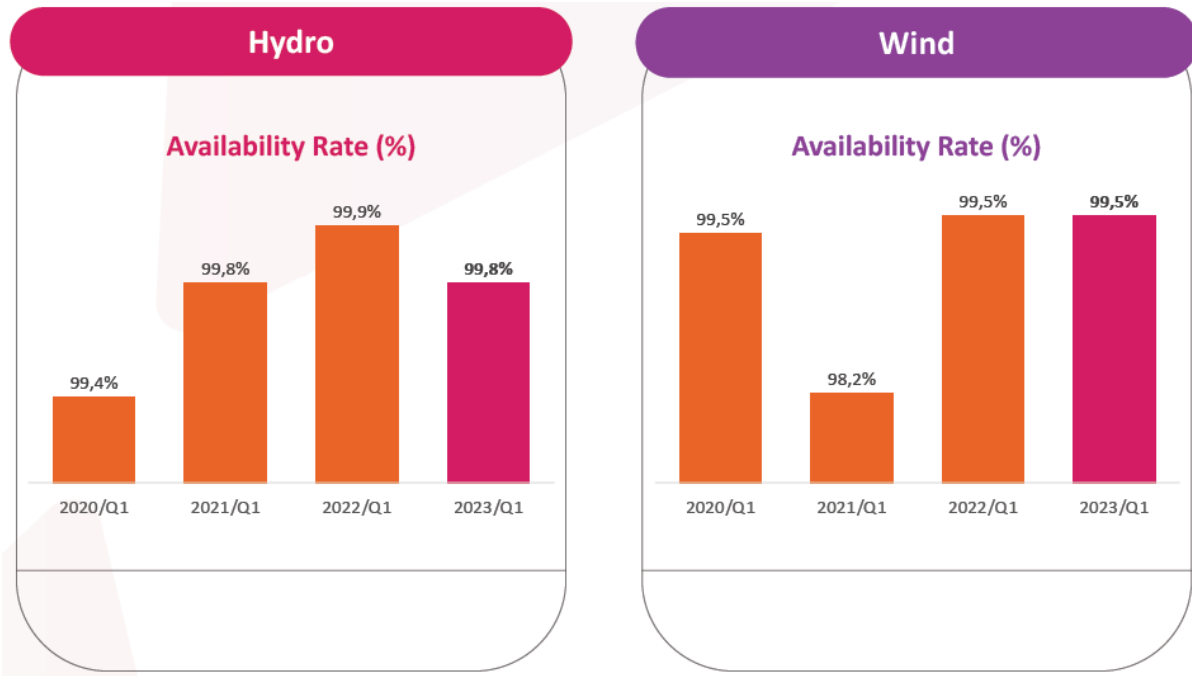
In the first quarter of 2023, the targeted generation amounts, revenues, investments and EBITDA amounts realized, and yearly deviation margins were evaluated.

The income and profitability figures that occur on a yearly basis at the generation plants;

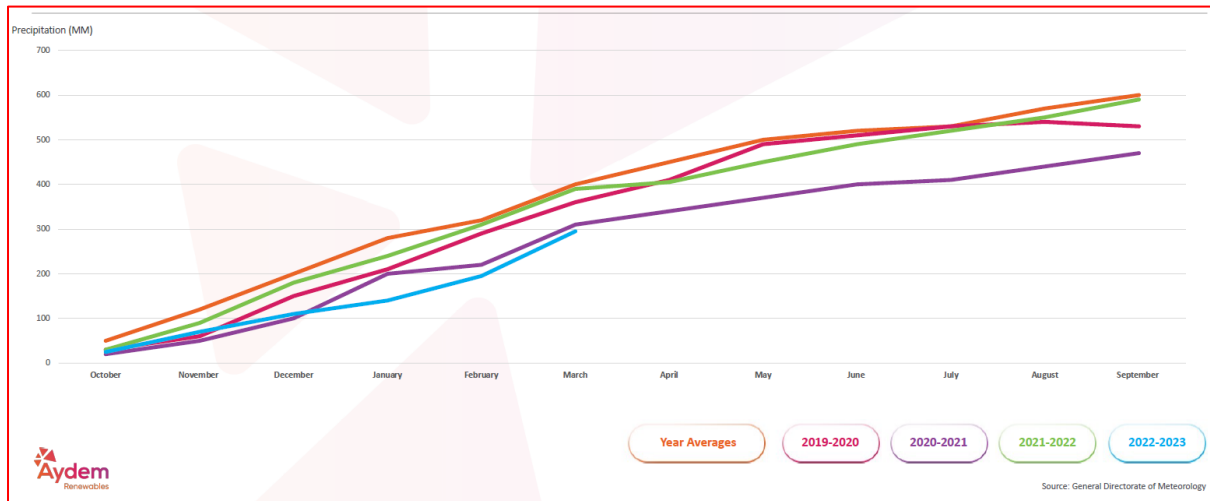
- Electricity purchase guarantee prices that change according to the exchange rate,
- Electricity purchase guarantee prices that change according to the inflation rate,
- Bilateral Agreement and maximum settlement price,
- Average electricity spot prices that vary periodically depending on seasonal hydrologic conditions, electricity supply and demand, and other variables,
- Generation amounts that may change on a yearly basis according to generation planning and periodic maintenance periods are directly affected.

Considering the precipitation in the first three months of 2023, it is seen that the production from hydroelectric power plants is below the expected level. As explained in detail under the title of “The Company's Growth Opportunities”, hybrid power plant investments aim to minimize the effects of drought that may occur in hydroelectric power plants.

The Company's expert team ensures that the Company's portfolio achieves a high level of availability at low cost, with the support of high-quality hardware and well-designed maintenance processes.



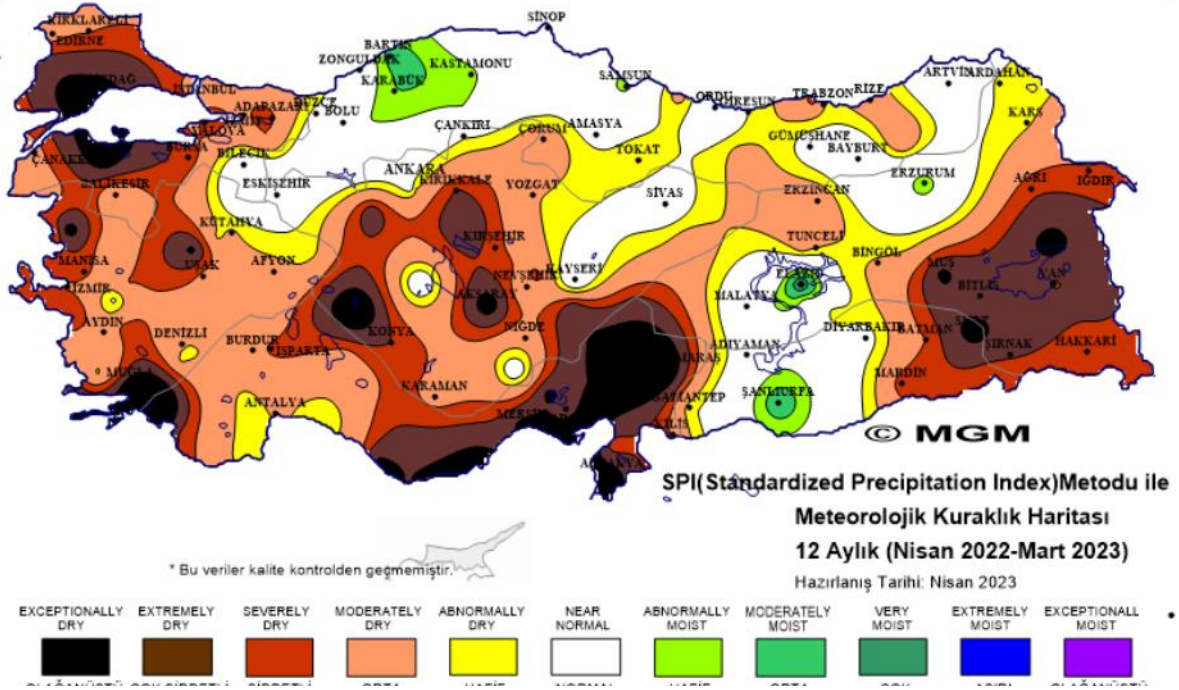
Turkey-General Water/Agricultural Year Normals of Areal Precipitation and Comparison with Last Year



Source: General Directorate of Meteorology

Red color is between October 2019 and September 2020; Purple color is between October 2020 and September 2021; Green colour is between October 2021 and September 2022, Blue colour represents the period between October 2022 and March 2023. It is seen that the areal precipitations of 2023 are below 2022.

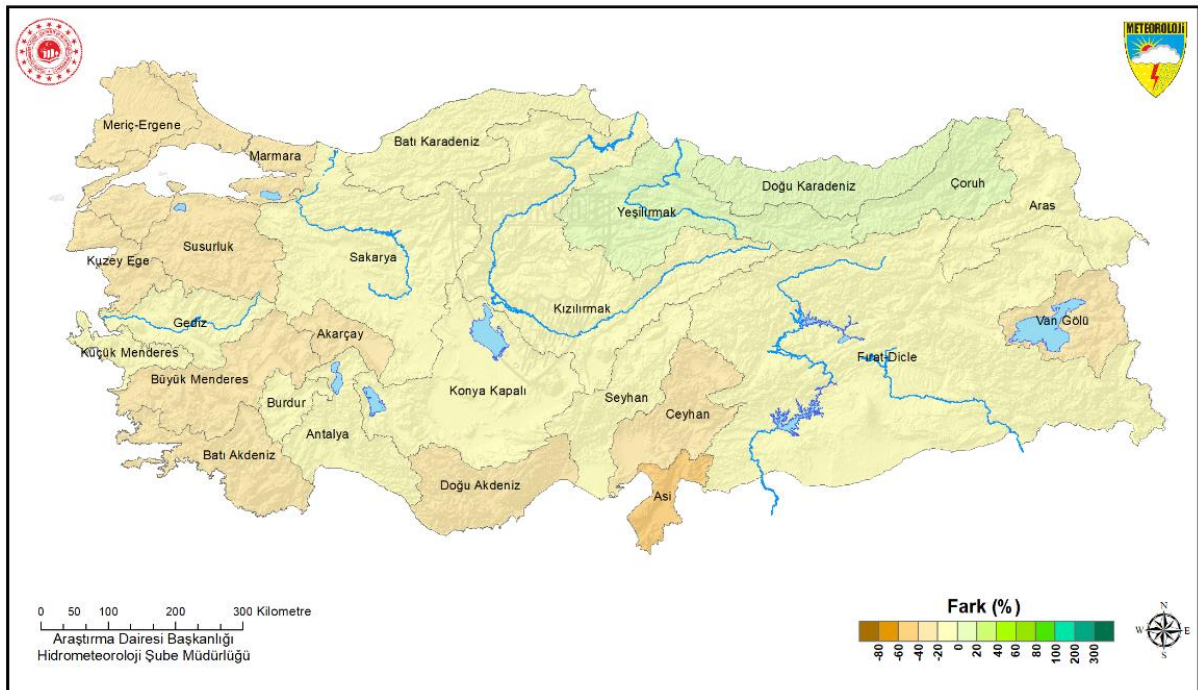
Meteorological Drought Map (April 2022 - March 2023)



Source: General Directorate of Meteorology

<https://www.mgm.gov.tr/veridegerlendirme/kuraklik-analizi.aspx>

Water /Agricultural Year Comparison of Areal Precipitation by Basin with Normals (1 October 2022 - 30 April 2023)



Source: <https://www.mgm.gov.tr/veridegerlendirme/havzalar-gore-yagis.aspx?v=k>

Accordingly, the revenues for Q1-2023 are 52% below the estimated turnover for the Q1-2023. And accordingly, the year-end EBITDA for Q1-2023 was 54% below the estimated EBITDA for Q1-2023. The company has a carbon sales potential of approximately 990 thousand tons, with a selling price of approximately US\$ 2,5/ton. Its potential revenue is US\$ 2,3 million. These revenues are expected to rise due to the increased demand with the Paris Agreement and the expected increase in the carbon unit price.

Another additional income potential for the Aydem Renewable portfolio comes from the International Green Energy Certificate (IREC). Annual IREC potential is foreseen as approximately 780 thousand IREC, annual potential yield is foreseen as TL 5,2 million with an average unit price of TL 6.7/MWh. In 2022, approximately 270 thousand IREC sales were made and approximately TL 1,9 million revenue was obtained. As the demand for certificate increases, the unit price is expected to increase. In addition, the expansion of the portfolio will increase the revenues that can be obtained from it.

8. Company's Growth Opportunities

The company has several opportunities for both short-term and long-term growth.

Aydem Renewables' planned investments include solar power plants that will provide hybrid generation together with wind and hydroelectric power plants, wind power plants to be commissioned through capacity increase, as well as wind and solar power generation facilities and integrated electricity storage facilities based on these. By the end of 2025, a total of 949.4 MW investment is planned, including 289.4 MW solar (Hybrid), 160 MW wind (capacity increase), 400 MW solar (storage) and 100 MW wind (storage). In summary, the total installed capacity is expected to reach 1,969 MW by the end of 2025, with a total of 689.35 MW solar and 260 MW wind energy investments on a resource basis. The Company has applied for pre-license for a 500 MW storage generation facility, which is expected to be obtained in the second quarter of 2023.

In line with this goal, the Company aims to commission 196.2 MW of installed power by the end of 2023. Installation of 82.2 MW (Uşak WPP Hybrid SPP) of this investment was completed in 2022, and its ministerial approval was obtained on February 23, 2023. Capacity increase of the remaining 114 MW (Uşak WPP and Söke WPP) is planned to be completed in 2023. It is planned that an investment of 151 MW in total, which comprises 105 MW hybrid solar investments and 46 MW wind capacity increase investments, is completed in 2024, and an investment of 102 MW hybrid solar investment is completed in 2025. The total cost of 500 MW excluding wind, solar and storage facilities 449.35 MW additional installed power investments is expected to be approximately 341 million US Dollars. The breakdown of the total investment amount is planned to be as follows: 216 million US Dollars of hybrid investments and the remaining US\$ 125 million of investments in capacity increase projects. After obtaining the preliminary license for 500 MW wind, solar and storage facilities, evaluations will be made according to current conditions.

Depending on the installed power and improved capacity factor as a result of the completion of investments, production will increase and the portfolio will diversify; sustainable energy along with the integrated storage technology will substantially contribute to the security of supply.

The Company plans to take advantage of the opportunity introduced by EMRA to generate electricity through ancillary sources at our power plants. As we would only need pay for the cost of plant construction and can use existing land and grid connections at our power plants, our capital expenditure per MW of electricity generated at hybrid power plants will be lower than for greenfield projects. For instance, we expect that building solar power capacity at one of our existing power plants would result in total capital expenditure savings of 40% to 50% when compared to the capital expenditure required for a similarly-sized typical standalone SPP. While the total capital expenditure required for hybrid projects is expected to correspond to 15%-20% of the income to be obtained from the project, it is foreseen that the required capital expenditure for new stand-alone projects will correspond to 35%-40% of the income to be obtained from the project. Multiple sources of electricity (such as water, wind and solar power) can be used to produce electricity at the same power plant using the same network infrastructure. This opportunity will allow us to increase our total capacity factor, increase our efficiency and diversify our generation profile. Depending on this diversification in generation resources, the degree of exposure of the Company to droughts will decrease.

Hybrid power plants, which enable the generation of electrical energy from more than one source in a single generation facility, enable more efficient use of generation facilities and produce more electricity within their electricity generation capacity. In hybrid power plants, the effect of seasonal conditions can be minimized by producing from SPP (Solar Power Plant) when the precipitation is low and from HPP (Hydroelectric Power Plant) when the sun light is low.

The prominent advantages of hybrid power plant investments are that the investment and operational costs are lower, and the electrical energy produced from auxiliary sources is evaluated within the scope of Feed in Tariff if the main source is within the scope of Feed in Tariff.

As of the report date, Yağmur HPP and Armağan HPP investments, which are among the power plant investments of the Company under construction, have already been stopped due to the fact that the SPP and WPP power plants are more efficient for hybrid and capacity increase.

9. Results

The precipitations of 2023 are below the precipitations of 2022. The decrease in the company's last quarter generation was 36%. Thanks to hybrid power plant investments and wind capacity increase projects, it is aimed to reduce the effects of drought that may occur in hydroelectric power plants by diversifying the source type.

The Company takes advantage of the opportunities offered by EMRA to generate electricity in power plants through hybrid power plants and capacity increases. For this, since it is possible to use the existing land and grid connections at the power plants, the Company will only pay the construction cost of the facility and the electro-mechanical installation costs, and thus the investment expenditure per MWh produced in the hybrid power plants will be lower than other new investment projects. As a result of all these investments, fair values of each power plant that started operating is going to be reflected to the consolidated financial statements, a significant increase is expected in the Company's asset size and equity size.

As Aydem Renewables, which is Turkey's leading and largest company producing energy from 100% renewable resources; Q1-2023 has been a period in which we continued our value-added investments (The Ministry Approval of our 82.2 MW Uşak WPP Hybrid SPP power plant was realized on 23.02.2023), in our country's clean energy transformation and development. As Aydem Renewables, we have based our investment philosophy on sustainable growth and return, environmentally friendly understanding and continuity. In line with this approach, in 2023, we focused on new investments that would increase our resource diversity and minimize the impact of seasonal conditions, climate and other cyclical risks on our activities and make significant contributions to our production. By the end of 2025, we are planning to double our installed power with our new investments and ensure our resource diversity in our renewable energy generation portfolio.

Best Regards,

AUDIT COMMITTEE

Ersin AKYÜZ
Chairperson
(The original copy has been signed.)

Mehmet Hayati ÖZTÜRK
Member
(The original copy has been signed.)

Serpil DEMİREL
Member
(The original copy has been signed.)

Fatma Dilek BİL
Member
(The original copy has been signed.)