



**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**

18 March 2022

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

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 : 16500037404

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 2021, 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, as of 31 December 2021 and 31 December 2020, 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 about the method in question 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. From this point of view, the Company's most recent Equity Value of the Parent Company as of 31 December 2021 has been used in the valuation.

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 31.12.2020 (01.01.2020 – 31.12.2020) and the amount of profit before interest, depreciation and tax (“EBITDA”) and the installed power value of the power plants as of 31.12.2020, 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 31.12.2021.

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	3,900,261,200 (*)	25%	975,065,300
- Similar Companies FV / Installed Power Multiplier Method	5,769,313,550 (*)	25%	1.442,328,388
B. Book Value Method	9,803,259,940 (**)	50%	4.901,629,970
Average Market Value			7.319,023,658

(*) Calculated by considering the EBITDA and Installed Power multipliers of similar companies. 2020 Price determination report issued by Yapi Kredi Yatirim has been taken into account in the coefficients, and the company's EBITDA figure has been calculated as of 31.12.2021.

(**) Audited consolidated financial statements as of 31 December 2021.

With a weighting of 25% - 25% - 50%, the average pre-IPO market value of the Company is calculated as TL 7,319,023,658. 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

Since there is no forecast for 2021 in the price determination report, the seasonality feature is ignored and the forecasts for 2021 is taken and the forecast and actual data for 2021 are calculated as follows:

(Million TL)	2021 Yearly Forecast	2021 Yearly Actual	Variance (%)
Total Revenue	1.632	1.241	% (24)
<i>Electricity Revenue</i>	<i>1.598</i>	<i>1.236</i>	<i>% (23)</i>
<i>Other Revenue</i>	<i>34</i>	<i>5</i>	<i>% (85)</i>
Cost of Sales + OPEX (*)	(325)	(336)	% 3
EBITDA	1.307	905	% (31)

(*) Calculated without depreciation and amortization expenses.

The valuation study was examined in line with the yearly targets over the targeted generation amounts, revenues, investments and EBITDA amounts realized in 2021, and yearly deviation margins were evaluated.

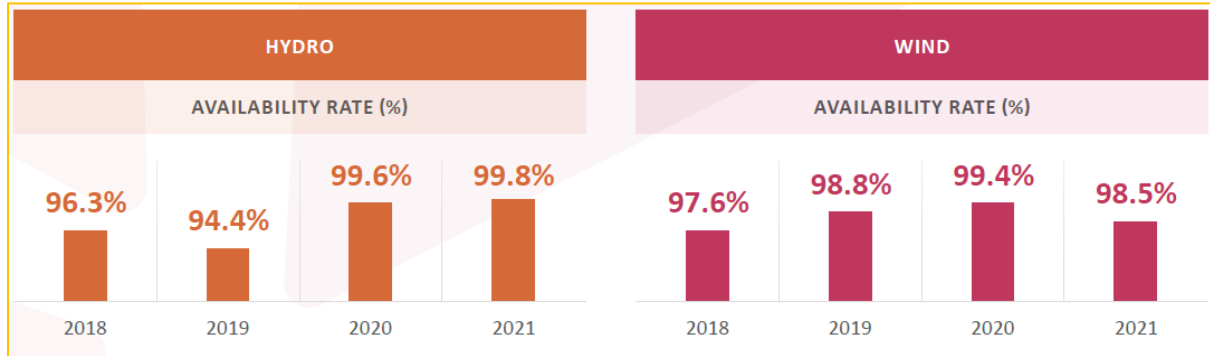
The income and profitability figures that occur on a yearly basis at the generation plants;

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

Net Generation was lower than expected due to the works of the State Hydraulic Works (“DSİ”), the Electricity Generation Anonim Şirketi (“EÜAŞ”) generation program change, meteorological conditions (especially drought in the Seyhan Basin), maintenance and rehabilitation works. Despite the deviations in these realizations, the increase in the Market

Clearing Price and the FX rate in terms of electricity sales made at spot prices has a positive contribution to the Company's revenues. However, as explained in detail under the title of “The Company's Growth Opportunities”, the Company's hybrid power plant investments aim to minimize the effects of drought that may occur in hydroelectric power plants.

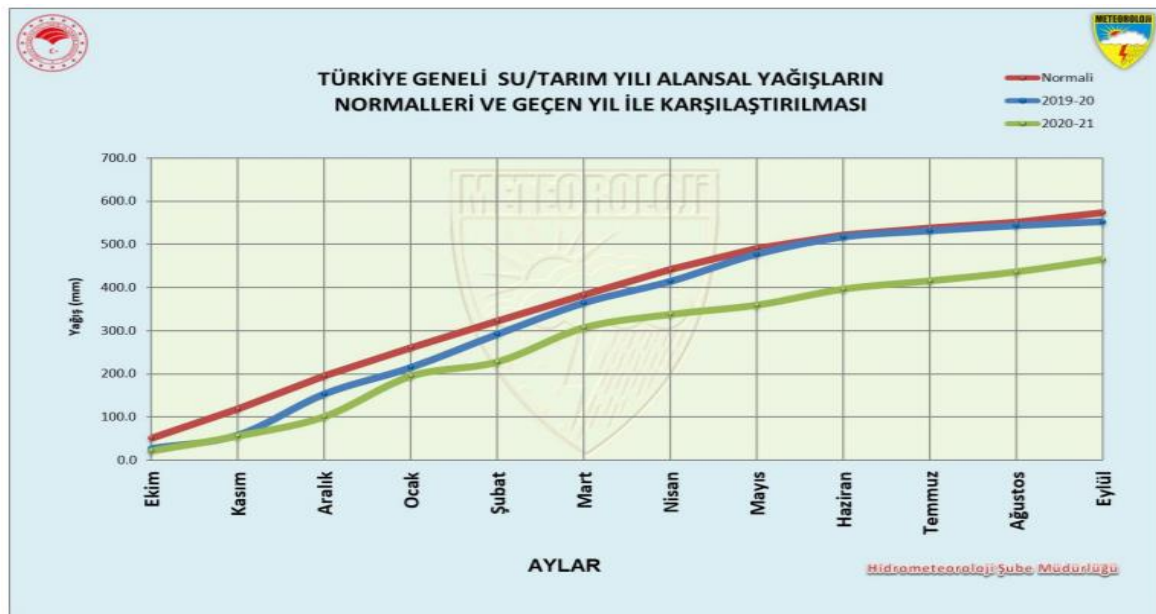
The Company's expert team ensures that the Company's portfolio achieves a high level of availability at low cost, with the support of high-quality hardware and well-designed maintenance processes.



The reason for the margin decreases in the power plants is the decrease in generation due to drought in the regions;

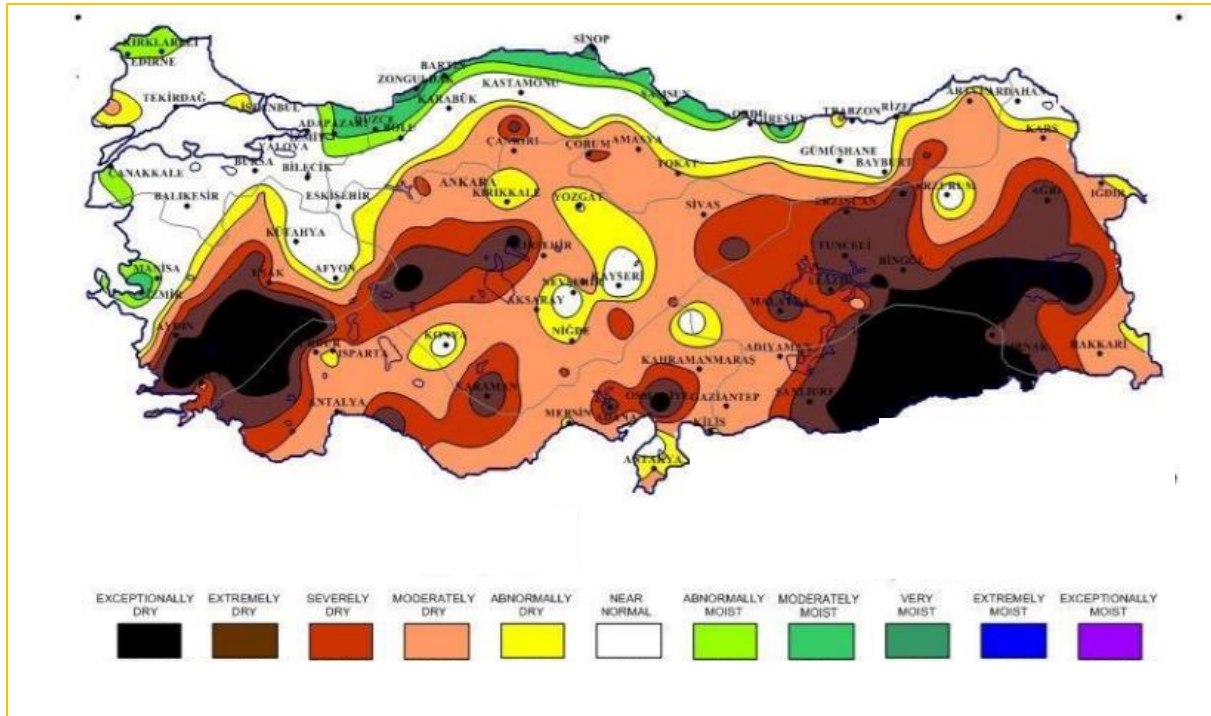
- In 2021, precipitation throughout Turkey was at the lowest level of the last 60 years.
- In 2021, there is a decrease of 16% compared to 2020 precipitation.

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



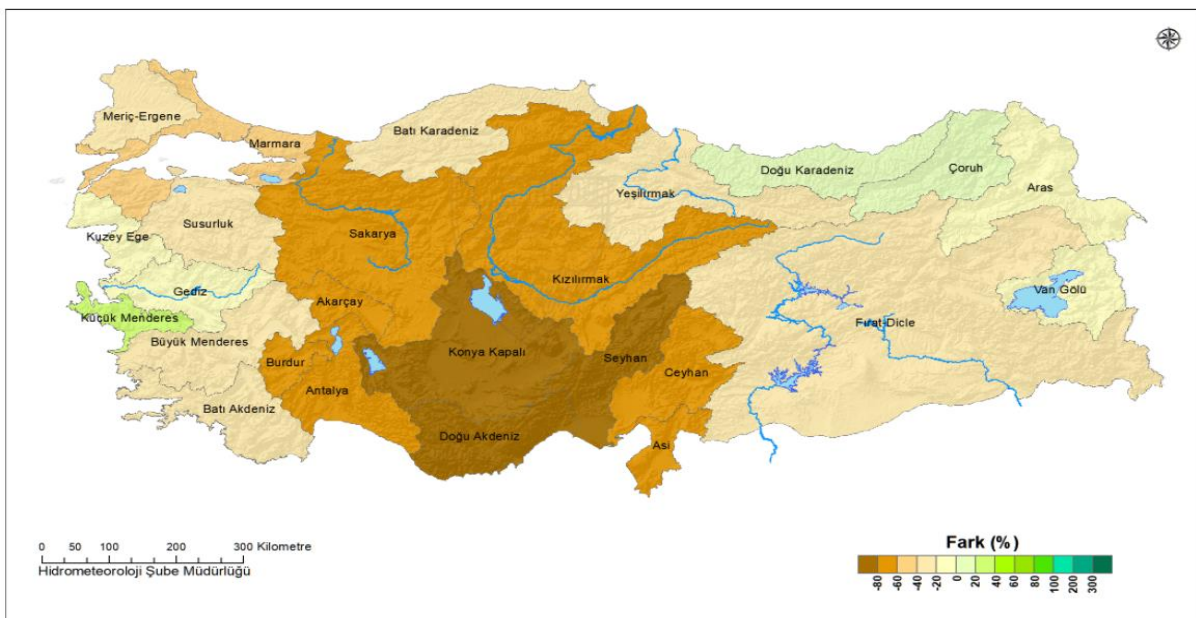
Blue color is between October 2019 and September 2020; The green color represents the period between October 2020 and September 2021. According to the table, 2021 is below the averages of 2020 and previous years.

Meteorological Drought Map



Source: General Directorate of Meteorology, 12 Monthly (October 2020-September 2021) data were used.

Water /Agricultural Year Comparison of Areal Precipitation by Basin with Normals (1 October 2020- 31 October 2021)



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

Accordingly, the total revenues for 2021 were 24% below the 2021 annual estimated turnover due to the low generation due to drought, and accordingly, 31% below the EBITDA. In addition to the Company's electricity revenues, it also generates revenue from carbon sales. The company forecasts 600,000 tons of carbon assets per year and conservatively predicts an average carbon price of US\$4/tonne. With these assumptions, Aydem Renewable's portfolio has an annual revenue potential of US\$2,4 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). The annual potential yield is TL2 million with an average unit price of TL3/MWh. 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. Our near-term opportunities include additional capacity via hybrid generation at existing power plants, “shovel-ready” projects that we already have licenses for, and wind capacity expansion.

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. In addition, we expect that our operating expenses for hybrid projects would be only 15% to 20% of revenue, compared to operating expenses of 35% to 40% of revenue for our new standalone projects, and there would be no related increase in the system usage fee. 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.

The Company's planned investments are related to hybrid power plant investments and wind power plant capacity increases. The total investments planned for 2022 is 256 MW, 136 MW of which consists of hybrid solar power plant investments and 120 MW of wind power plant (WPP) capacity increase. The total investment planned for after 2022 is 384 MW, of which 188 MW consists of hybrid solar power plant investment and 196 MW hybrid wind power plant investment. It is planned that these planned investments will be financed entirely through the Company's internal resources and the cash flows to be generated as a result of operations.

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, have already been stopped. The Company continues to evaluate within the scope of the new Feed-in-Tariff (“FiT”) in order to continue its investments.

9. Results

In 2021, precipitation in Turkey was at the lowest level of the last 60 years, and there was a 16% decrease in 2021 compared to 2020 precipitation. Hydrology-based generation increase is expected in 2022, and it is expected that FiT revenues and EBITDA will increase with the FX rate effect. In addition, after the bond issuance on 2 August 2021 and the closure of domestic bank loans, with the remaining funds and cash obtained from the Company's operations will be used directly in hybrid investments. The Company is going to pay its principals for the bonds after 3.5 years and this is going to be benefit for the Company in order to funds to hybrid investments. The Company plans to take advantage of the opportunities offered by EMRA to generate electricity in power plants through hybrid power plants. 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.

In the light of all this information, we believe that the Company's 2022 year-end targets will be achieved with its strong financial structure, investments in line with the targets, and revenues secured by FiT, which makes up 87% of total revenues.

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.)