



**Aydem Yenilenebilir Enerji  
Anonim Şirketi (Aydem Renewables)**

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

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

**16 March 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](http://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, as of 31 December 2022 and 31 December 2021, 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 31.12.2022

(01.01.2022 – 31.12.2022) and the amount of profit before interest, depreciation and tax (“EBITDA”) and the installed power value of the power plants as of 31.12.2022, 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 31.12.2022.

## 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)
<b>A. Market Multiplier Analysis</b>			
- Similar Companies FV / EBITDA Multiplier Method	36,155,451,811 (*)	25%	9,038,862,953
- Similar Companies FV / Installed Power Multiplier Method	2,753,068,863 (*)	25%	688,267,216
<b>B. Book Value Method</b>	17,078,251,924 (**)	50%	8,539,125,962
<b>Average Market Value</b>			<b>18,266,256,130</b>

(\*) Calculated by considering the EBITDA and Installed Power multipliers of similar companies. The 2022 report has been taken into account in the coefficients, and the company's EBITDA figure has been calculated as of 31.12.2022.

(\*\*) Audited consolidated financial statements as of 31 December 2022.

With a weighting of 25% - 25% - 50%, the average pre-IPO market value of the Company is calculated as TL 18,266,256,130 . 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
<b>Discount Rates before IPO</b>	<b>23%</b>	<b>10%</b>

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 Q4-2022 are calculated as follows:

(TL Million)	Q4-2022 Forecast	Q4-2022 Actual	Variance (%)
<b>Total Revenue</b>	<b>3,293</b>	<b>3,808</b>	<b>16%</b>
<i>Electricity Revenue</i>	3,210	3,805	19%
<i>Other Revenue</i>	82	2	(97%)
<b>Cost of Sales + OPEX (*)</b>	<b>(669)</b>	<b>(336)</b>	<b>(50%)</b>
<b>EBITDA</b>	<b>2,623</b>	<b>3,472</b>	<b>32%</b>

(\*) Calculated without depreciation and amortization expenses.

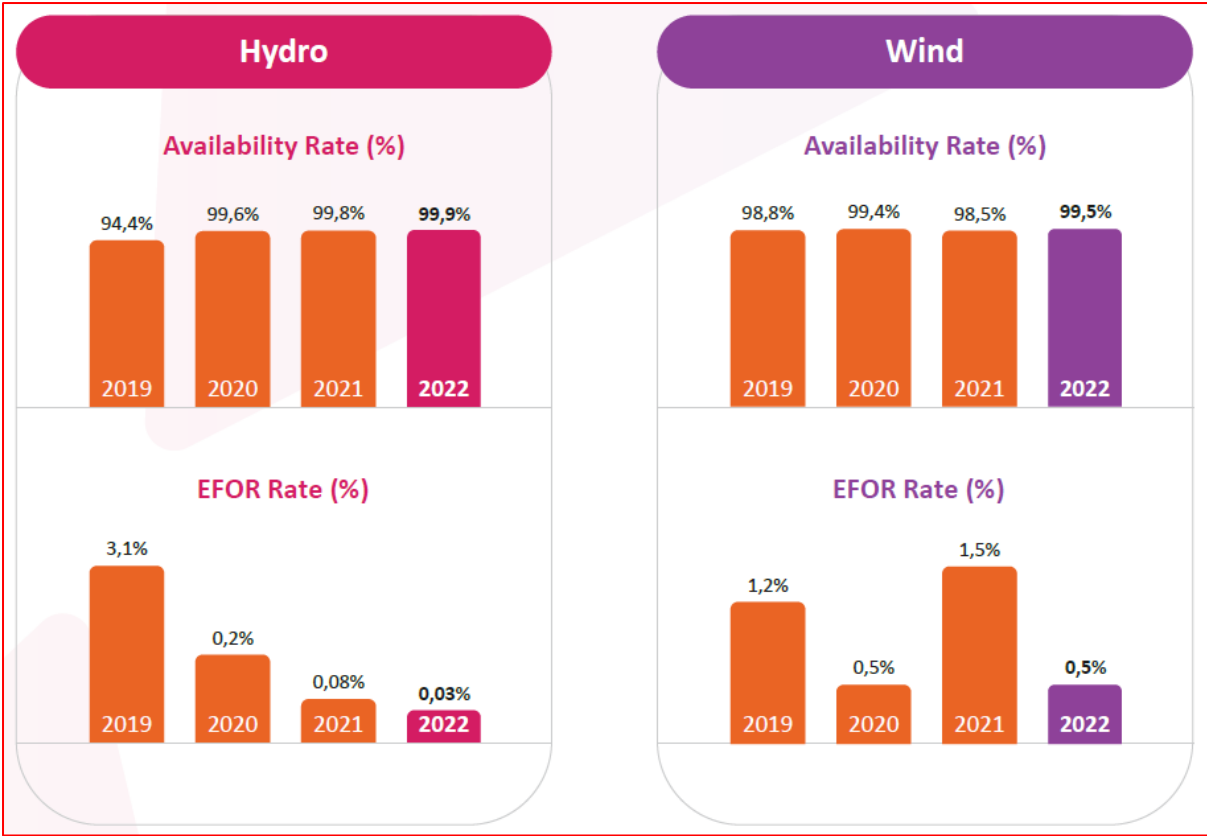
In the fourth quarter of 2022, the targeted generation amounts, revenues, investments and EBITDA amounts realized, and yearly deviation margins were evaluated.

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

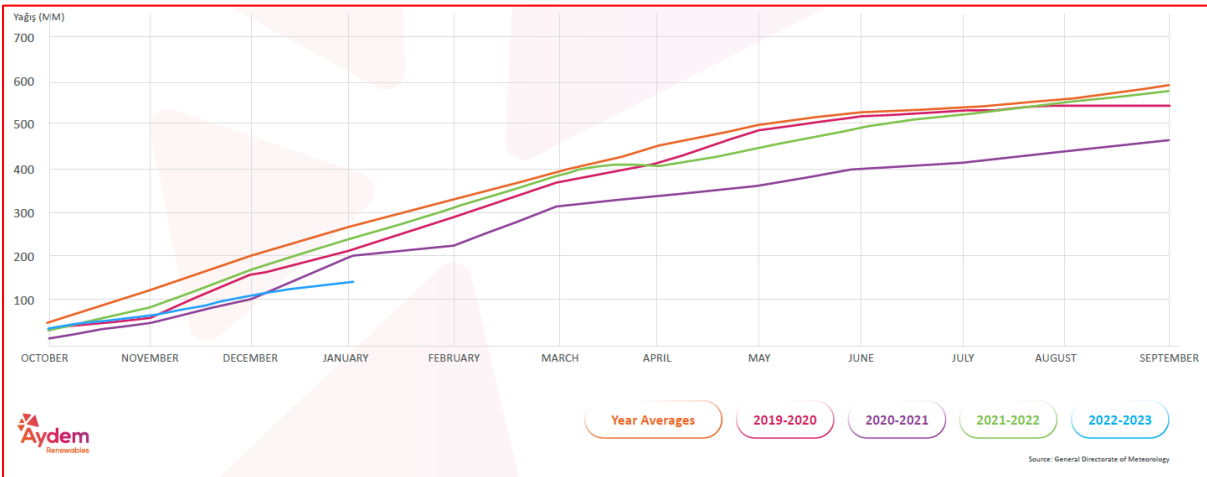
- Electricity purchase guarantee prices that change according to the exchange rate,
- Electricity purchase guarantee prices that change according to the inflation rate,
- Average electricity spot prices that vary periodically depending on seasonal hydraulic conditions, electricity supply and demand,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

In Q4-2022, the net generation realized at close to expected level due to the precipitation and 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.



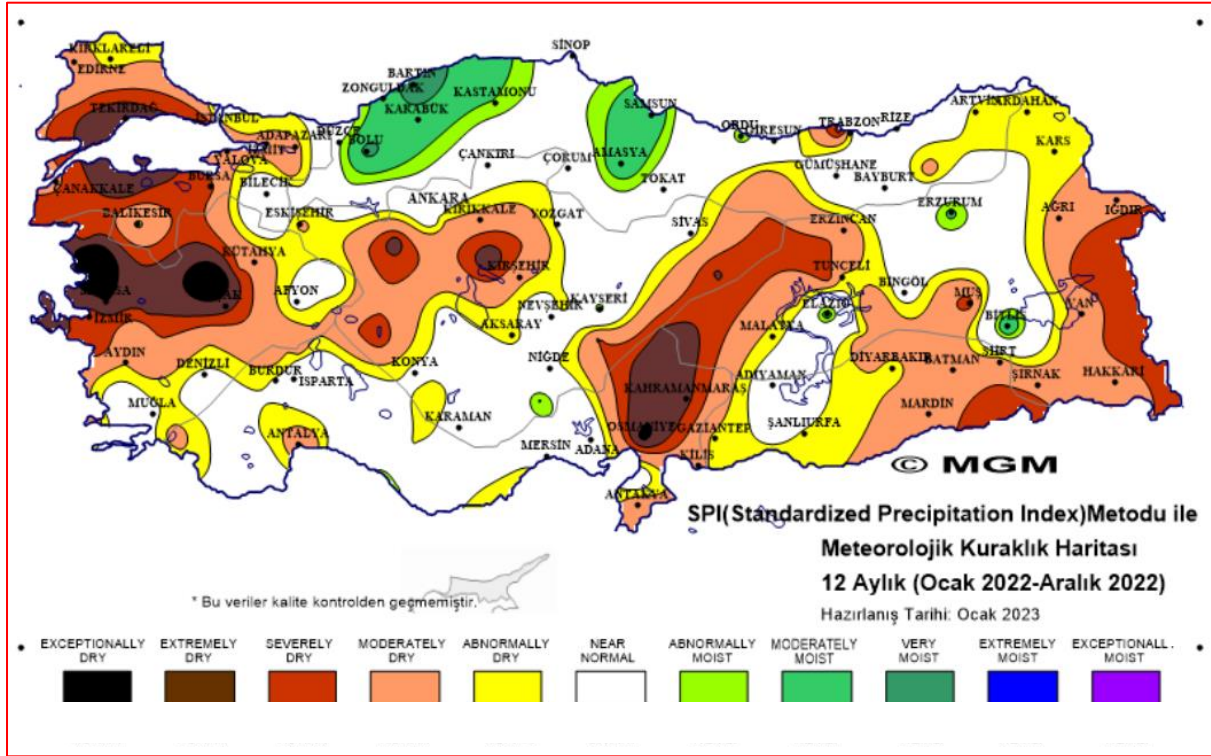
**Turkiye-General Water/Agricultural Year Normals of Areal Precipitation and Comparison with Last Year**



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 January 2023. According to the table, 2021 is below the averages of 2020 and previous years. It is seen that the areal precipitations of 2022 are above 2021.

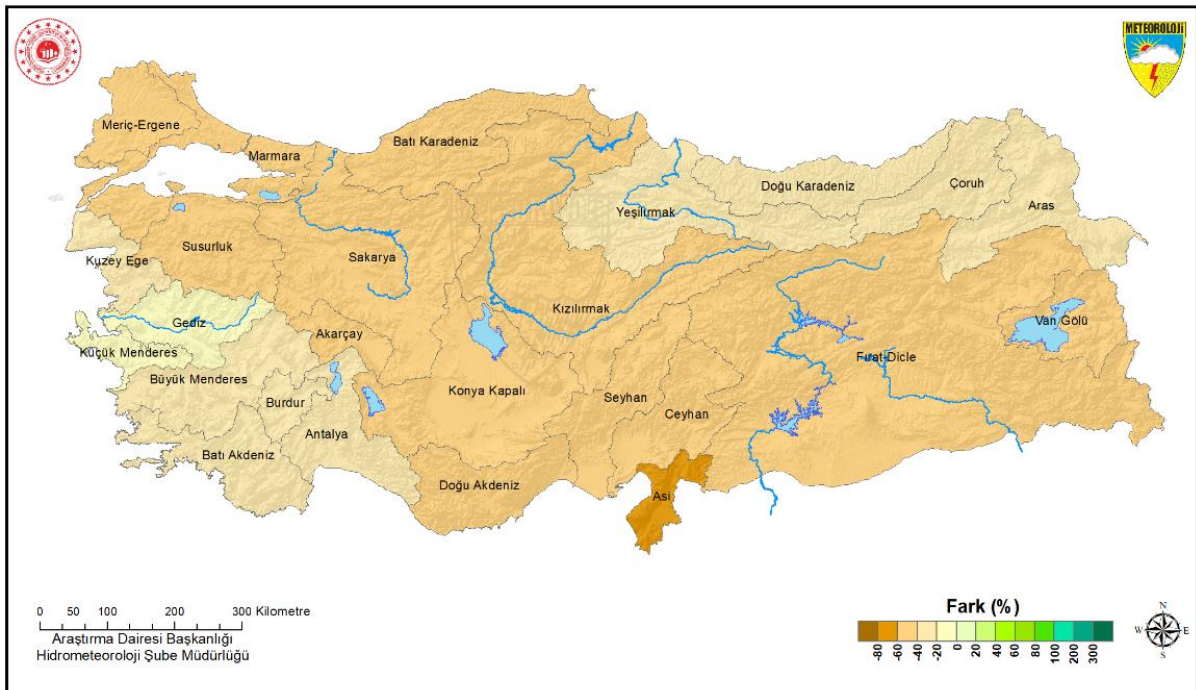
## Meteorological Drought Map



Source: General Directorate of Meteorology, 12 Monthly (January 2022-December 2022) data were used.

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

## Water /Agricultural Year Comparison of Areal Precipitation by Basin with Normals (1 October 2022 - 31 January 2023)



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

Accordingly, the revenues for 2022 are 16% above the estimated turnover for the end of 2022 due to the increase in production, the increase in the market clearing price and the increase in the exchange rate. And accordingly, the year-end EBITDA for 2022 was 32% above the estimated EBITDA for the end of 2022. The company has a carbon sales potential of approximately 900 thousand tons, with a selling price of approximately US\$ 2.5/ton (No sales were made in 2022 due to the decrease in prices in the carbon market.). 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 foreseen as TL 5 million with an average unit price of TL 5/MWh. In 2022, approximately 590 thousand IREC sales were made and approximately TL 2.2 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 consist of solar power plants that will provide hybrid generation together with wind and hydroelectric power plants, and wind power plants to be commissioned through capacity increase. It is planned to invest in a total of 449.35 MW (289.35 MW Hybrid SPP and 160 MW capacity increase WPP) until the end of 2025. In line with this target, the company aims to commission 196.15 MW of installed power by the end of 2023. The installation of the 82.15 MW (Uşak WPP Hybrid SPP) part of this investment was completed in 2022 and the Ministry Approval was realized on 23.02.2023. The remaining 114 MW capacity increase (Uşak WPP and Söke WPP) is planned to be completed in 2023. It is planned to complete a total of 151 MW investments in 2024, consisting of 105 MW hybrid solar investments and 46 MW wind capacity increase investments. In 2025, it is planned to complete the investment consisting of 102 MW hybrid solar investments. The total cost of the planned 449.35 MW installed capacity investments is expected to be approximately USD 341 million. The breakdown of the total investment cost in question; is planned that US\$ 216 million will be hybrid investments and the remaining US\$ 125 million will be in the form of capacity increase projects.

The company has applied for a pre-license to add a 500 MW storage production facility to its 2025 investment projection. In case of obtaining the pre-license, the investment strategy will be clarified. With the completion of the investments, the portfolio diversity will be enriched as well as the production increases depending on the installed power and the improving capacity factor, and a significant contribution will be made to sustainable energy and supply security with integrated storage technology.

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**

In 2021, precipitation in Türkiye was at the lowest level of the last 60 years, and the precipitations of 2022 are above the precipitations of 2021. The increase in the company's last quarter generation was 38%. At the same time, the increase in the market clearing price and exchange rate had a positive impact on the company's revenues. The company has tripled its revenue in Q4-2022. The company has made a power plant valuation for the end of 2022, and the equity value has increased as a result of the valuation.

Hydrology-based generation increased in 2022, and the increase in electricity sales revenues and EBITDA continued with the effect of FX rate and market clearing price\*. 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 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. (*\*With the decision of EMRA, the Maximum Settlement Price (MSP) application has been started for a period of 6 months as of April 1, 2022. In this context, the Company can earn a maximum income equal to the Maximum Settlement Price. This application has been extended for another 6 months as of September 2022.*)

As Aydem Renewables, which is Turkiye's leading and largest company producing energy from 100% renewable resources; 2022 has been a year in which we have increased our support with our energy production performance, in our country's clean energy transformation and development. The company has reached its year-end targets for 2022 with its strong financial structure and revenues under the guarantee of FIT (YEKDEM), which constitute 80% of the revenues of the power plants in the current operation. Accordingly, as Aydem Renewables, we have based our investment philosophy on sustainable growth and return, environmentally friendly understanding and continuity. In line with this approach, it is focused on new investments in 2022 that would increase our resource diversity and minimize the impact of seasonal conditions, climate and other cyclical risks on our activities. 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.)