



AKFEN YENİLENEBİLİR ENERJİ A.Ş.

Evaluation Report about the Assumptions used in Public Offering Price Determination

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

15 May 2024

I. General Information

Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy" or "the Company") communication details and necessary registration details are as follows.

Title	:	Akfen Yenilenebilir Enerji A.Ş.
Tax Office	:	Ankara Kurumlar
Tax Number	:	023 030 1966
Trade Registry Number	:	231793
Industrial Registry number	:	10273
Headquarters Address	:	İlkbahar Mah. Galip Erdem Cad. No:3 Çankaya/Ankara
Telephone Number	:	0 312 408 14 00
Fax Number	:	0 312 442 48 24
E-Mail	:	info@akfenren.com.tr
Web Site	:	www.akfenren.com.tr

Field of Activity

The Company engages in the establishment of electricity generation facilities, generation of energy from all kinds of sources, commissioning and operation of established or acquired facilities, operation of electricity generation, sale of generated electricity and/or capacity to customers, and procurement of electricity from any desired location. It manages a renewable energy generation portfolio, which serves as an energy infrastructure platform, through subsidiary companies that operate licensed and unlicensed power plants in compliance with the regulations of the Energy Market Regulatory Authority.

II. Subject and Justification of Report

This report, which includes evaluations on whether the assumptions used in determining the public offering price of Akfen 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.

The 5th paragraph of the 29th article of the Capital Markets Board's Communiqué on Shares numbered VII-128.1 states; "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 IPO 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 CMB regulation, this report has been prepared and shared with the public.

III. Methods Used in Price Determination Report

In the Price Determination Report prepared by Garanti Yatırım Menkul Kıymetler A.Ş. ("Garanti Securities") on January 23, 2023, for the public offering of the company's shares, and published on the Public Disclosure Platform on March 3, 2023, the company's value and offering price were determined based on the following assumptions.

In the Price Determination Report, the value per share to be offered to the public was determined in accordance with International Valuation Standards, using the Market Approach/Guideline Public Company Method (Multiple Analysis) and Income Approach (Discounted Cash Flows/DCF) methods from the Valuation Approaches and Methods.

Market Approach: Peer Public Company Method (Multiple Analysis)

In order to determine the Enterprise Value ("EV") by comparing with other companies traded on the stock exchange and operating in similar fields as the Company, the Peer Public Company Method was used. Under this method, the appropriate market multiples of companies operating in similar fields to the Company were analyzed. In this regard, in consideration of the current conditions under the Market Approach, the Enterprise Value/EBITDA (EV/EBITDA) multiple, which is considered the most valid and appropriate method for this valuation, and in which there is a high level of confidence and reliability, was used.

Below is a summary of the results of the EV/EBITDA multiple analysis conducted by examining similar companies to determine the market value of Akfen Renewable Energy.

Selected Domestic Comparable Company Multiples Results

EV/EBITDA Multiple	(\$)
EBITDA 30.09.2022 LTM	116,899,087
Multiple (x)	9.85
Enterprise Value	1,150,972,835
Net Debt	(365,167,282)
Pre-discount Market Value	785,805,553

Selected International Comparable Company Multiples Results

EV/EBITDA Multiple	(\$)
EBITDA 30.09.2022 LTM	116,899,087
Multiple (x)	11.24
Enterprise Value	1,313,987,414
Net Debt	(365,167,282)
Pre-discount Market Value	948,820,132

Income Approach (Discounted Cash Flow Method)

Under the Discounted Cash Flow (DCF) method, cash flow projections for the Company have been made until 2070, taking into account the license durations of its power plants.

In the valuation study, the Company's current structure and potential, sectoral expectations, and macroeconomic forecasts have been considered. Generally, it is assumed that;

- there will be no changes in the Company's management and key personnel that could affect its operations, and
- that any potential risks encountered will not affect the Company's sustainability.

During the projection period, the enterprise value of the Company as of September 30, 2022, was calculated using the weighted average cost of capital ("WACC") and discounted cash flows. Then, the net financial debt amount was subtracted from the enterprise value to calculate the equity value of the firm as \$687,762,321 as of September 30, 2022. The equity value as of September 30, 2022, was translated into the equivalent value on January 23, 2023, which is the date of the price determination report and also the valuation date, using the 2022 Equity Cost. On January 23, 2023, the equity value of the Company was \$722,312,098, and the enterprise value was \$1,087,479,380.

Discounted Cash Flow Summary Table

DCF Company Value (\$)	1,052,929,603
Cash and Cash Equivalents	92,908,051
Total Financial Debt (-)	(446,481,956)
Other Liabilities to Related Parties	(11,593,377)
Net Financial Debt Amount (-)	(365,167,282)
DCF Equity Value	687,762,321
Valuation Date Valuation Factor	1.05
Valuation Date Equity Value	722,312,098
Valuation Date Enterprise Value	1,087,479,380

Result of the Valuation

The company valuation includes both the EV/EBITDA Multiple Analysis and DCF valuation methods. In the Multiple Analysis Method, Domestic Comparable Companies are given a weight of 50%, while International Comparable Companies are given a weight of 50%. Additionally, both the Multiple Analysis method and the Discounted Cash Flow method are equally weighted when calculating the final Enterprise Value. The market value of Akfen Renewable Energy has been calculated as follows.

Discounted IPO Price (TL)

Domestic Multiples (Weight 50%)	
Domestic Comparable Company EV/EBITDA Multiple	9.85x
30 September 2022 LTM EBITDA (\$)	116,899,087
Enterprise Value (\$)	1,150,972,835
International Multiples (Weight %50)	
Intl. Comparable Company EV/EBITDA Multiple	11.24x
30 September 2022 LTM EBITDA (\$)	116,899,087
Enterprise Value (\$)	1,313,987,414
Weighted Enterprise Value - Multiples (Weight %50)	1,232,480,125
Enterprise Value - DCF (Weight %50)	1,087,479,380
Weighted Average Enterprise Value - Multiples and DCF	1,159,979,752
Net Debt (\$)	(365,167,282)
Market Value (\$)	794,812,470
Number of Shares	1,016,031,947
Price per Share (\$)	0.78
CBRT 23.01.2023 dated Forex Buying Rate	18.7844
Price per Share (TL)	14.69
IPO Price (TL)	9.80
Discount Rate	33.31%

According to the Price Determination Report dated January 23, 2023, following the valuation studies, the determined public offering sale price of 9.80 TL is at a discount of 33.31% compared to the calculated price per share of 14.69 TL.

IV. Forecasts and Actual Data

Generation, Revenues and EBITDA

The estimated data for the year 2023 as stated in the Price Determination Report and the actual data are compared in the table below.

	2023 Forecasts	2023 Actual	Realisation (%)
Total Electricity generation (GWh)	1,796	1,660	92%
HEPP	584	490	84%
SPP	198	196	99%
WPP	1,014	974	96%
Total Revenues (USDmn)*	157.9	148.2	94%
EBITDA (USDmn)*	111.3	95.6	86%

* The actual income statement items for the year 2023 shown in the table above are derived from our Company's audited TAS-29 compliant (adjusted for inflation effect) consolidated financial statements for the year 2023.

V. Results

Electricity generation from renewable energy sources largely depends on favorable meteorological conditions. The amount of electricity produced in hydroelectric power plants (HEPP), solar power plants (SPP), and wind power plants (WPP) is influenced by hydrology, radiation, and wind conditions that may vary beyond the Company's control. Any of these factors can cause variability in generation levels, reducing the productivity of plants and leading to fluctuations in profitability.

As a result of drought and adverse wind conditions in 2023, the Company's total electricity generation reached 92% of the projections in the price determination report. Consequently, the Company's revenues and EBITDA for 2023 were approximately 6% and 14% below the projections in the report, respectively.

Another reason for the Company's profitability to be below the projections in the report is its revenue structure based on USD (93% of the total electricity generated in 2023 was sold under the USD-based Renewable Energy Resource Support Mechanism). However, the Company's expense and cost structure is predominantly indexed to inflation in TL (Turkish Lira). Therefore, while the Company's TL-denominated revenues are significantly affected by changes in the USD/TL exchange rate, its EBITDA is also affected by TL-based inflation.

In light of the above-discussed data, in 2023, our Company continued to generate cash from its operations through the balanced and diversified generation structure of its energy plant portfolio and high availability rates. In 2023, the Company made total principal and interest payments of 92.1 million USD on its HEPP, SPP, and WPP portfolios on the respective maturity dates.

It is anticipated that the Company will continue to maintain its capacity to generate cash from operations in line with its objectives in the coming period and will meet its financial obligations related to its loans with existing and future internal resources.

Regards,

AUDIT COMMITTEE

Hasan Köktaş
Chairman

Yusuf Tülek
Member