

**Is there  
such a  
thing as  
high-quality  
energy?**

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**Accounting Period:** 01.01.2022-31.12.2022

### TRADE REGISTRY INFORMATION

**TRADE REGISTRY NUMBER:** 13798

**TRADE NAME:** AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ

**ADDRESS:** ADALET MAHALLESİ HASAN GÖNÜLLÜ BULVARI NO: 15/1 MERKEZEFENDİ/DENİZLİ

**ISSUED CAPITAL:** TL 705,000,000.00

**REGISTERED CAPITAL CEILING:** TL 2,000,000,000.00

**COMPANY REGISTRATION DATE:** 06.07.1995

**MERSIS NO:** 0165003740400011

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### Or not?

Combating the climate crisis is gaining further prominence as its significance is being understood better during this period. Regardless of how negative the conditions are and despite the dark clouds hanging over us, we can still save the future of our earth.

We believe this wholeheartedly. We are continuously investing in our business, in life, and in a clean future due to this belief.

### We say yes...

We believe that our energy, life, hopes, and future are renewable... For this reason, we are focusing on renewable energy. We generate clean energy, engage in environmentally friendly production, and deliver it to locations that need it.

To those who question whether there is such a thing as the quality of electricity that we don't hear or see, we say "yes, there is." We deploy the concept of total quality, which we hear about in every industry, in our areas of business operations.

We do more than our part, and feel excited and happy to be an important part of a sustainable future.

What exactly does the quality of energy mean?

The answers are in this annual report:





# If energy enhances quality of life...

Uninterrupted flow of life requires uninterrupted energy... But most importantly, energy needs to be generated by creating value for the future of our planet. Our focal point is renewable generation. We transform hydroelectric, wind, solar, biogas and geothermal resources into satisfaction and continuity. In the face of growing need for energy, we invest constantly and continue to grow our portfolio.

**USD 96.2 million**

Total capital expenditure as of year end 2022\*

*\* Hybrid investments and capacity increase projects*





## If energy is green...

We strive for sustainability in every aspect of our operations. By making renewable energy investments, we work to turn Türkiye's energy map green while striving to pioneer our industry in sustainability. We are awarded with "A Leadership Level" in both the Climate Change, and Water Security Questionnaires, of CDP, which is among the world's most respected environment platforms. This puts us among the leaders in the world. We are proud to be the first and only company in Türkiye's energy industry to place on the "A" List Report as part of the Climate Change and Water Security Questionnaire.





# If energy is generated successfully...

Generating renewable energy uninterruptedly requires one to understand the language of the nature and engage in nature friendly production. The wind, sun and water offer up their energy to us under certain conditions. We take action according to right strategies, at the right places, and at the right times, and diversify our portfolio. We continue to grow with power plants located in four different regions of Türkiye. Our financial performance empowers us in our pursuit of our goals, and our earnings turn into investment and uninterrupted energy.



**207%**

Rate of increase in income



# If energy producers and the community are pleased...

We broke another new ground with our employee-oriented management approach and superior corporate culture. After being certified by Great Place to Work as a "Great Place to Work," we are rejoicing for being included on the "Best Workplaces in Türkiye List." We take major steps to strengthen women in social life, and carry out social responsibility projects that make an impact for various segments of the society.

**556**

Total number of employees





## 2022 HIGHLIGHTS



### Completion of Uşak Hybrid solar power plant (SPP) installation

The Energy Market Regulatory Authority (EMRA) approved installing an SPP with an installed capacity of 82.15 MWm as an additional source under efforts to convert the Uşak wind power plant (WPP) into a license for a generation plant with multiple sources. Accordingly, the Ministry of Environment, Urbanization, and Climate Change released a positive environmental impact assessment (EIA). With investments starting right after the decision, the construction of Uşak Hybrid SPP, Türkiye's biggest hybrid SPP, has been completed, and Ministry Acceptance has been granted as of February 23, 2023. Featuring 155,000 two-part power-generating panels and a single axis, it will cover the annual energy needs of 59,420 households.

### Investment approval for Yalova WPP-Hybrid SPP

EMRA issued approval for the construction of an SPP with an installed capacity of 18.8765 MWm, as an additional source under the efforts to convert the license of Yalova WPP into a generation plant with multiple sources. The Ministry of Environment, Urbanization, and Climate Change also issued a positive EIA for the Yalova WPP additional source SPP project.

### EMRA's approval for Söke WPP-Hybrid SPP

EMRA approved the construction of an SPP with an installed capacity of 16.9494 MWm as an additional source under the efforts to convert the license of Söke WPP into a plant with multiple sources. Efforts are underway to commission the entire plant in 2022. After commissioning, Söke WPP's total installed capacity will rise from 49.5 MWm to 66.4494 MWm. Furthermore, with the deployment of auxiliary sources in Uşak, Yalova, and Söke, Aydem Renewables' total installed capacity will grow by 11.6% from 1,019.48 MW to 1,138 MW.

### Investment Incentive Certificate for Uşak WPP

Aydem Renewables' WPP project in Uşak-Banaz has an installed capacity of 114.30 MW: As part of the general-extension investment project for power generation, transmission, and distribution in this plant, the Company's application for an Investment Incentive Certificate at the Ministry of Industry and Technology was approved on June 13, 2022. Accordingly, an Investment Incentive Certificate no. 535676 was issued for the Company's investment project worth TL 615.6 million in domestic capital.

In the same plant, power generation, transmission, and distribution on an SPP will be enhanced with an additional 82.15 MW of mechanical (DC) power and 71.73 MW of electrical (AC) power as part of the Company's general extension investment program. Its application for an Investment Incentive Certificate was approved on August 7, 2022. Accordingly, an Investment Incentive Certificate no. 537066 was issued for the Company's investment project worth TL 651.2 million in domestic capital. The incentive granted to the Company was the second highest among the projects on the incentives list.

### Kumkısıık LFG plant handed over to Denizli Metropolitan Municipality

The generation license of the Kumkısıık LFG plant ended on June 16, 2022, under the contract between the Company and Denizli Metropolitan Municipality. Accordingly, the plant was handed over to the Municipality on the contract end date.

### Application for a 500 MW preliminary license for detached storage facilities

As part of the existing supply license for Aydem Renewables' wholly owned subsidiary Sarı Perakende Enerji Satış ve Ticaret A.Ş., a detached storage facility application for 1,400 MW was submitted to EMRA, which was approved. Subject to the legislation published on November 19, 2022, in the official gazette concerning the connection assessments received from the Turkish Electricity Transmission Corporation (TEİAŞ) for detached storage facilities, a preliminary license application for a total capacity of 500 MW (400 MW for SPP and 100 MW for WPP) was submitted.

### A score of 9.48 out of 10 for our first compliance to CMB Corporate Governance Principles!

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Rating) issued a rating report on April 20, 2022, to assess the Company's compliance with Corporate Governance Principles set by the Capital Markets Board (CMB). Accordingly, Aydem Renewables' first compliance report based on Corporate Governance Principles stood at 9.48 out of 10. This demonstrated the high level of compliance the Company achieved with the Corporate Governance Principles. With this score, the Company was included in Borsa İstanbul's Corporate Management Index (XKURY) on April 21, 2022. This rating is also the highest ever granted to companies in the energy sector that receive corporate governance ratings.

### Signed a deal to buy a 102 MW turbine to increase Uşak WPP's capacity

As part of our project to increase Uşak WPP's capacity, we signed a deal to buy 17 wind turbines (with 6 MW installed capacity each) and a 10-year operating and maintenance contract. Works are underway on the turbines, which will be installed incrementally.

### Signatory of Women's Empowerment Principles (WEPs)

Aydem Renewables became a signatory of the Women's Empowerment Principles set by UN Women and the UN Global Compact.

## 2022 HIGHLIGHTS



### Signatory of Women's Empowerment Principles (WEPs)

Aydem Renewables became a signatory of the Women's Empowerment Principles set by UN Women and the UN Global Compact.

### GRI approves sustainability report for 2021

With its third sustainability report, Aydem Renewables presents its efforts to evaluate its operations' social, economic, and environmental aspects and achieve the UN Sustainable Development Goals. 2021 Sustainability Report has been released with GRI approval, combining environmental responsibility with corporate transparency.

### Signed the Net-Zero commitment of the Science-Based Targets Initiative (SBT-i)

Aydem Renewables has become the first energy company to sign the SBT-i commitment letter, which involves net-zero targets for science-based targets. In compliance with the net-zero standard, the Company committed itself to set a long-term science-based target to reach net-zero value chain greenhouse gas emissions by 2050, present this to the validation of SBT-i, and publish it no later than 24 months. Committing to setting a net-zero target, the Company has also agreed to join Business Ambition for 1.5°C and participate in the UNFCCC Race to Zero campaign.



### First ordinary general assembly meeting after public offering in Denizli

Aydem Renewables successfully carried out the largest public offering of the past three years, with the transaction conducted in April 2021. Its shares are currently traded on BIST Stars. In addition, after releasing its first annual report during the year, the Company held its first ordinary general assembly with investors in Denizli, both physically and online, on March 30, 2022.

### Maintaining our position on Türkiye's "Best Employers List"

Owing to its employee-centric management approach and high-quality corporate culture, Aydem Renewables was again on "Türkiye's Best Employers List" in 2022 as per Great Place to Work® Institute rankings, which globally provides services on workplace culture and employee satisfaction.

### Five LACP 2021 awards for our first annual report

Aydem Renewables' annual report for 2021 was presented with five awards at the LACP 2021 Vision Awards, organized by the League of American Communications Professionals. In addition, Aydem Renewables won a Golden Prize in the Energy and Equipment Services category, a "Silver Award" in the Regional Outstanding Achievement category, and the LACP Technical Achievement Award. Meanwhile, it was among the top 20 in Türkiye and the top 80 in EMEA (Europe, the Middle East, and Africa).



### Received awards in two categories at the Bonds, Loans & Sukuk Türkiye Awards

Aydem Renewables and its consultant ÜNSAL Attorney Partnership won two awards: first position in the Public Offerings of the Year category and second position in the Corporate Bond Issue of the Year category at the Bonds, Loans & Sukuk Türkiye Awards. Since 2015, these awards have been given to companies and financial institutions for their project finance, stock exchange market, and bond issues.

### Share buybacks and the sale of shares bought back

As a result of the Board meeting on February 11, 2022, for the buyback of shares and sale of shares bought back, a total of 5,733,502 of the Company's shares were bought back between February 11 and July 5, 2022.

A Board decision dated December 23, 2022 (reference no. 2022/37) directed the sale of all shares bought back via special order through a block sale on Borsa Istanbul to corporate investors abroad. Accordingly, these shares were sold on December 23, 2022, at TL 24.76 per share.

### Eurobond buybacks

Regarding the Board decision on May 11, 2022, the Company's Eurobonds worth USD 49,789,000 were bought back between May 11, 2022, and December 31, 2022.



### We are among the global climate leaders for CDP

Attaining "A Leadership Level" in Carbon Disclosure Project's Water Security and Climate Change reporting, Aydem Renewables achieved a ranking of global leaders that only a few companies can. In the previous year's reporting, the Company received a "B-Management Level" in the Climate Change and Water Security reportings. And this year the Company attained the highest "A Leadership Level" for Water Security and Climate Change reporting. With these results, Aydem Renewables was successful enough to be included on the A-List for CDP's Water Security 2022, which only has 106 companies and also on the CDP Climate Change A List 2022 Report with 295 companies worldwide. Thus, it has become the first and only energy company from Türkiye to attain a place on the A-List with leading companies worldwide.

### Won two awards for Uşak Hybrid SPP at the ICCI 2022 Energy Awards

Aydem Renewables was among the contestants in the Hybrid Plants category of the ICCI 2022 Energy Awards for energy leaders. The Company won its first award with Uşak Hybrid SPP, Türkiye's biggest hybrid SPP, the installation of which was finalized in Uşak's Banaz district. In addition, the panel manufacturer for the project, Parla Sonar, won the "Main Equipment in the Hybrid Category" award at the ceremony.



## 2022 IN FIGURES

Aydem Renewables' total assets reached TL 35.4 billion and its revenue reached TL 3.8 billion.

Aydem Renewables' total production in 2022 reached 2,469 GWh.

### Summary Financial Position Statement (TL)

	December 31, 2022	December 31, 2021
Current Assets	3,047,821,873	1,740,478,458
Fixed Assets	32,341,883,280	20,790,878,429
<b>Total Assets</b>	<b>35,389,705,153</b>	<b>22,531,357,887</b>
Short-Term Liabilities	1,598,145,065	876,633,203
Long-Term Liabilities	16,713,308,164	11,851,463,744
Shareholder's Equity	17,078,251,924	9,803,259,940
<b>Total Liabilities</b>	<b>35,389,705,153</b>	<b>22,531,356,887</b>

### Summary Profit/Loss Statement (TL)

	December 31, 2022	December 31, 2021
Revenues	3,807,844,798	1,240,753,398
Cost of Sales (-)	(1,405,210,503)	(725,768,454)
<b>Gross Profit</b>	<b>2,402,634,295</b>	<b>514,985,944</b>
General Administrative Expenses (-)	(163,515,386)	(100,007,917)
Other Operating Inc./ (Exp.), net	461,144,804	35,191,911
<b>Operating Profit</b>	<b>2,700,263,713</b>	<b>450,168,938</b>
<b>Amortization and Depreciation Expenses</b>	<b>771,380,212</b>	<b>454,696,539</b>
<b>EBITDA</b>	<b>3,471,643,925</b>	<b>904,865,477</b>
<b>EBITDA Margin</b>	<b>91%</b>	<b>73%</b>
Net Finance Expense	(1,281,452,813)	(469,294,853)
<b>Loss / Profit before Tax</b>	<b>1,424,332,417</b>	<b>(14,332,808)</b>
Tax (Expenses) / Income	(406,261,816)	(105,958,832)
<b>Net Profit for the Period</b>	<b>1,017,445,995</b>	<b>(120,291,640)</b>

Revenue by Segment	
Market Revenue	20%
Yekdem Revenue	80%

YEKDEM Prices (USD)	
HPP and WPP	73 USD/MWh
GPP	105 USD/MWh
SPP and Biogas	133 USD/MWh

Installed Power	MWe	%
Hydroelectric	852	83.6
Wind	160.5	15.7
Geothermal	6.85	0.7
Total	1.019.48	100.0

Name of Plant	Generation by Plant (GWh) - 2020				Generation by Plant (GWh) - 2021				Generation by Plant (GWh) - 2022			
	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022
	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized	Actualized
	Q1- Total	Q2- Total	Q3- Total	Q4- Total	Q1- Total	Q2- Total	Q3- Total	Q4- Total	Q1- Total	Q2- Total	Q3- Total	Q4- Total
Bereket I-II HPP	5	6	8	10	4	5	6	8	4	6	6	9
Feslek HPP	5	6	7	9	4	5	7	8	5	5	5	6
Dalaman HPP	23	50	72	75	15	45	63	66	31	60	83	86
Gökyar HPP	9	14	16	20	9	12	14	19	12	18	20	25
Mentaş HPP	39	70	87	101	27	48	66	77	43	60	78	90
Koyulhisar HPP	3	58	132	177	12	47	95	101	38	76	143	197
Toros HPP	83	188	217	231	27	74	81	94	75	174	196	207
Kumkısıç LFG*	1	2	3	3	0	1	1	1	0	1	1	1
Aksu HPP	40	79	81	82	17	59	73	96	30	82	90	103
Kemer HPP	0	19	57	57	0	14	35	35	10	35	92	92
Adıgüzel HPP	0	25	29	29	0	4	4	4	0	0	0	0
Çırakdamı HPP	32	92	96	100	12	56	62	78	18	90	99	112
Dereil HPP	27	93	97	99	9	54	61	76	15	92	100	111
Söke WPP	48	81	124	157	47	90	136	177	50	91	137	176
Uşak WPP	49	72	102	131	46	79	111	154	38	69	110	156
Yalova WPP	42	70	115	150	45	70	108	152	37	65	103	143
Kızıldere GPP	0	0	0	0	0	0	0	0	0	0	0	0
Akinci HPP	89	180	288	362	29	92	165	177	68	139	238	317
Göktaş 1 HPP	106	248	316	363	67	128	162	201	78	168	223	272
Göktaş 2 HPP	142	327	417	481	90	172	218	270	109	229	303	368
<b>Total</b>	<b>742</b>	<b>1,680</b>	<b>2,261</b>	<b>2,636</b>	<b>457</b>	<b>1,053</b>	<b>1,467</b>	<b>1,793</b>	<b>661</b>	<b>1,457</b>	<b>2,024</b>	<b>2,469</b>

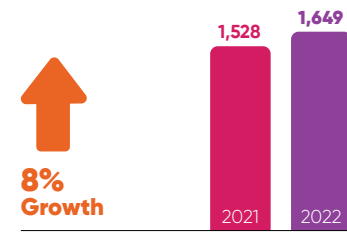
2022	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
MCP (TL/MWh)	1,177.99	1,404.50	1,670.85	1,830.55	1,763.03	2,340.13	2,330.37	3,066.55	3,850.59	3,470.02	3,438.31	3,724.75
MCP (USD/MWh)	87.27	103.15	114.65	124.73	112.94	138.01	134.15	170.33	210.84	186.97	184.99	199.88
2021	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
MCP (TL/MWh)	297.72	286.89	311.41	312.15	360.59	402.03	518.37	557.37	520.86	669.93	830.96	1,008.64
MCP (USD/MWh)	40.28	40.54	41.11	38.24	43.3	46.77	60.28	65.78	61.33	73.1	80.27	74.88

## 2022 IN FIGURES

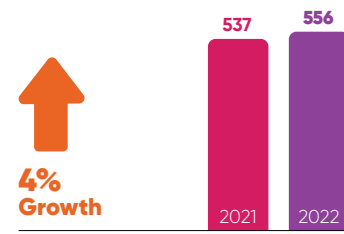
Aydem Renewables' EBITDA increased by 284% to TL 3.5 billion.

Aydem Renewables' operating profit reached TL 2.7 billion.

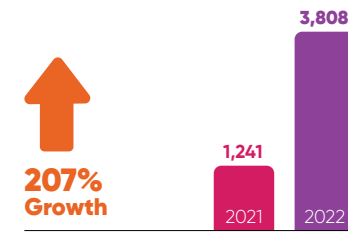
**Cash and Cash Equivalents**  
(TL million)



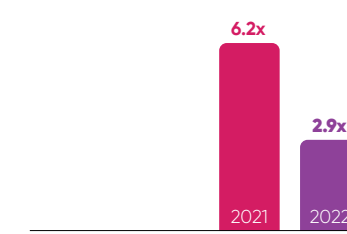
**Total Number of Employees**



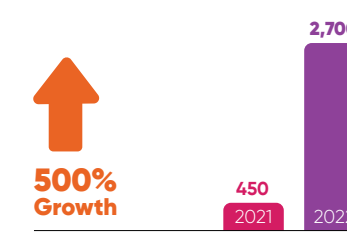
**Revenues**  
(TL million)



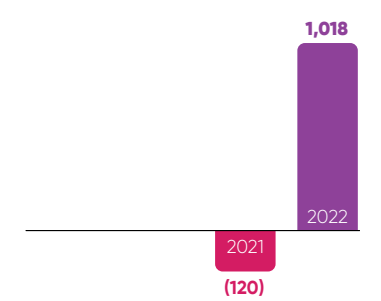
**Net Financial Debt/EBITDA**  
(USD)



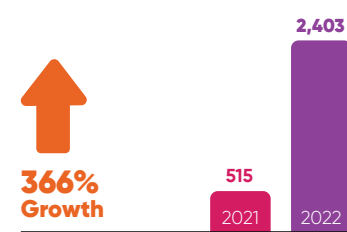
**Operating Profit**  
(TL million)



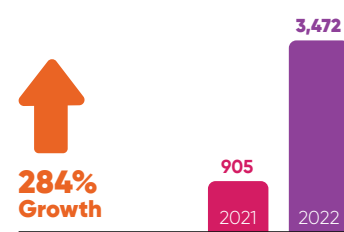
**Net Profit for the Period**  
(TL million)



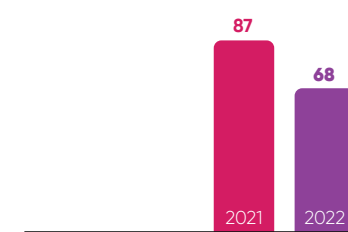
**Gross Profit**  
(TL million)



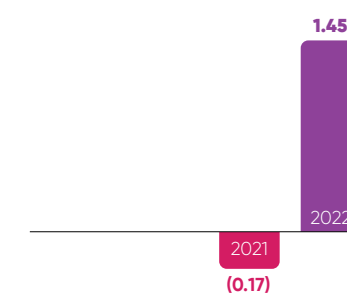
**EBITDA**  
(TL million)



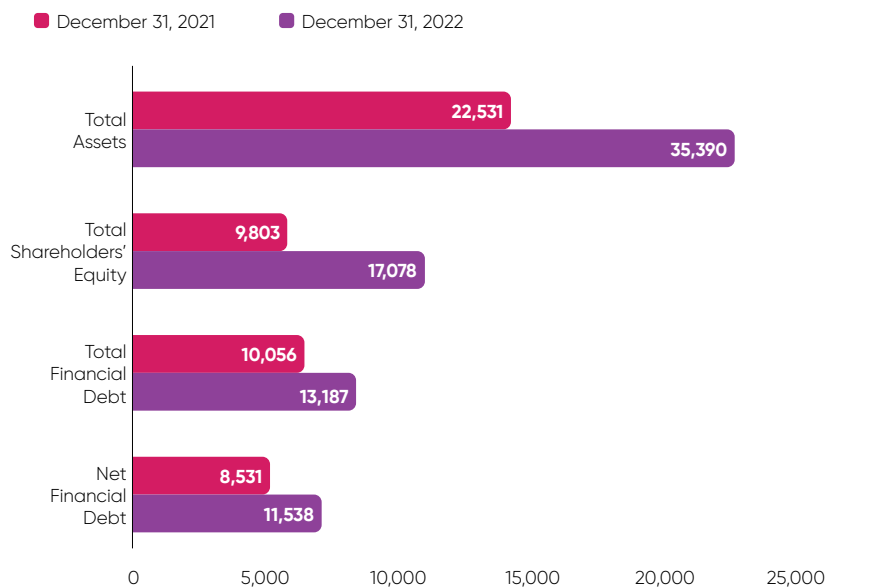
**Net Financial Debt/Equity**  
(%)



**Earnings/(Loss) per Share**



**Balance Sheet Items**  
(TL million)





## AYDEM RENEWABLES IN BRIEF

Aydem Renewables is the biggest company in Türkiye in terms of installed power generating power through 100% renewables only.



# 24

Renewable Energy Plants



# 3,925 GWh

Annual Energy Generation Capacity

Aydem Yenilenebilir Enerji A.Ş. set out on its renewable energy generation journey in 1995 under the umbrella of Aydem Enerji. Having opened Türkiye's first private hydroelectric power plant in Denizli in 1997, Aydem Renewables is the biggest company in Türkiye in terms of installed power generating power through 100% renewables only.

The Company boasts a young portfolio of 20 hydroelectric power plants (HPP), three wind power plants (WPP), one geothermal plant (GPP), and one biogas (LFG) plant which contribute to Türkiye's energy transformation. As of 2022, Aydem Renewables has reached a total of 1,019.48 MWe in installed capacity, 84% of which is made up of HPPs (852.13 MWe) and 16% of WPPs (160.50 MWe), and the rest consists of GPPs (6.9 MWe).

In addition to its unprecedented experience of 27 years in renewable energy generation, Aydem Renewables handled the development and implementation of construction and electromechanical projects for its plants except for two plants with its internal team of competent human resources. Meanwhile, the majority of the maintenance efforts at all plants are undertaken by internal maintenance and repair teams consisting of experts who utilize the Company's advanced technologies and quality.

At Aydem Renewables with operations spanning four regions of Türkiye (Black Sea, Aegean, Mediterranean, and Marmara), annual energy generation capacity is 3,925 GWh as of the end of 2022. The eco-friendly generation model at the plants holds the Zero Waste Certificate, Renewable Energy (IREC), and Emission Reduction Certificates (VCS & GS).

Aydem Renewables became a participant in the United Nations Global Compact (UNGC) in 2021 after it signed it in 2020 to carry its support for Türkiye's and humankind's sustainable development to a more institutional level. In 2022 Aydem Renewables became a signatory of the Net-Zero Commitment and Women's Empowerment Principles (WEPs) of the Science-Based Targets Initiative (SBTi). Since 2020 the Company shares the social, economic and environmental outputs of its activities regularly with its shareholders in compliance with the standards of Global Reporting Initiative (GRI), underscoring its commitment to the principles and values as clearly defined by the UN Global Compact Network and UN Sustainable Development Goals.

The Company successfully carried out the largest public offering of the past three years with the transaction conducted in April 2021, and its shares are currently traded on BIST Stars. Assessing the Company's compliance level with Corporate Governance Principles released by the Capital Markets Board (CMB) for the first time, Aydem Renewables' Corporate Governance Compliance note stood at 9.48 out of 10 full points according to the report of SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri (SAHA Rating) issued on April 20, 2022. With this score, the Company was included in Borsa İstanbul's Corporate Governance Index (XKURY).

**1,019.48 MWe**  
Aydem Renewables  
generates energy with  
1,019.48 MWe installed  
power.

## AYDEM RENEWABLES IN BRIEF

Aydem Renewables has achieved significant success since its establishment in 1995.

## Milestones

## 1995

- Aydem Renewables was established in Denizli and commenced operations.

## 1997

- Aydem Renewables started generation when it installed Bereket 1, Türkiye's first private hydroelectric power plant on the Bereket irrigation line, a tributary of the Büyük Menderes River in Denizli.



## 1998

- Bereket II Hydroelectric Power Plant in Denizli commenced generation.

## 1999

- The first phase of Dalaman Hydroelectric Power Plant, established on the Dalaman creek in Muğla, commenced generation.

## 2004

- Feslek Hydroelectric Power Plant, established in Aydın, commenced generation.

## 2005

- Dalaman I-V Hydroelectric Power Plants, established on the Dalaman creek of Muğla, commenced generation in entirety.

## 2006

- Gökyar Hydroelectric Power Plant, established on the Dalaman creek in Muğla, commenced generation.
- Mentaş Hydroelectric Power Plant, established on the Seyhan River in Adana, commenced generation.

## 2008

- Kızıldere Geothermal Power Plant, established in Denizli's Sarayköy, commenced generation.

## 2009

- Koyulhisar Hydroelectric Power Plant, established on the Kelkit River in Sivas, commenced generation.

## 2012

- Çırakdamı Hydroelectric Power Plant, established on the Aksu River in Giresun, commenced generation.
- Kumkısık Biogas Power Plant established in Denizli commenced generation.

## 2013

- Toros Hydroelectric Power Plant established in Adana commenced generation.

## 2014

- Dereli Hydroelectric Power Plant established in Giresun commenced generation.
- Uşak Wind Power Plant established in Uşak- Banaz commenced generation.
- Düzce Aksu Hydroelectric Power Plant established in Düzce commenced generation.

## 2015

- Söke Wind Power Plant established in Aydın commenced generation.
- Göktaş II Hydroelectric Power Plant established in Adana commenced generation.

## 2016

- Yalova Wind Power Plant established in Yalova's Armutlu district commenced generation.
- Göktaş I Hydroelectric Power Plant established in Adana commenced generation.

## 2017

- Adıgüzel Hydroelectric Power Plant in Denizli was added to the portfolio through privatization.
- Kemer Hydroelectric Power Plant in Aydın was added to the portfolio through privatization.

## 2018

- Akıncı Hydroelectric Power Plant established in Tokat commenced generation.

## 2020

- Aydem Renewables' first sustainability report was deemed worthy of a "Silver Award" at the LACP awards organized by the League of American Communications Professionals.
- Aydem Renewables became a signatory of the UN Global Compact.
- Aydem Renewables was chosen the leader of Türkiye's electricity and gas services industry by the world's most influential independent Energy, Environment, and Governance (ESG) rating initiative Vigeo Eiris/Moody's.

- Akıncı Hydroelectric Power Plant established in Tokat was officially inaugurated.
- Aydem Renewables received the First Prize in the Syndication Loan Transactions of the Year category at the Bonds, Loans & Sukuk Türkiye Awards 2020.
- Aydem Renewable was selected as the "Company with the Highest Profit Before Tax" in the annual Anatolian 500 Research conducted by the Economist magazine.

## 2021

- Aydem Renewables ranked fourth among 100 firms in Türkiye's Best Employers survey conducted by Great Place to Work Institute®
- The past three years' largest IPO worth TL 1.3 billion was conducted.
- The USD 750 million green bond was successfully issued.
- Aydem Renewables came first in the ratings of Moody's/Vigeo Eiris in Türkiye in the electricity and gas services industry for two consecutive times, and was the industry leader in the global ratings for "Developing Markets."
- Aydem Renewables became a participant of the United Nations Global Compact (UNGC) after it became a signatory in 2020.
- In 2021, Aydem Renewables raised its score to "B Management Level," the highest score to be attained in Türkiye's energy industry, as a result of its CDP Climate Change and Water Security reporting. Meanwhile, the Company attained the highest score in Türkiye's energy generation sector in 2021, raising it to "A-Leadership Level" at CDP Supplier Engagement Ratings (SER).
- The existing licensed power of the Uşak WPP reached 114.30 MWe after a "Positive EIA" decision.

## 2022

- Aydem Renewables became a signatory of the Science-Based Targets Initiative (SBTi).
- Scoring "A Leadership Level" in Water Security and Climate Change reportings of the Carbon Disclosure Project (CDP), Aydem Renewables has become the first and only energy company from Türkiye to be included in the A List Report which contains global leaders.
- With the first Corporate Governance Rating hitting 948, the Company was included in Borsa Istanbul's Corporate Governance Index (XKURY).
- Aydem Renewables became a signatory of Women's Empowerment Principles (WEPs).
- Aydem Renewables issued its third sustainability report for 2021 with GRI approval.
- Hybrid SPP investment approvals were obtained for Uşak WPP, Yalova WPP and Söke WPP.
- Installation works of 82.15 MWp for the Uşak WPP Hybrid SPP project has been completed, and Ministry Acceptance has been granted as of February 23, 2023.
- Within the scope of Uşak WPP capacity increase, road and foundation works have started for 17 turbines and it is planned to commission in 2023 H1. Construction
- Once the generation license of the Kumkısık LFG plant ended, it was handed over to Denizli Metropolitan Municipality.
- The first Annual Report of Aydem Renewables won five awards at LACP 2021 Vision Awards.
- Aydem Renewables ranked among the Best Employers of Türkiye and the Aegean Region List, as well as among the Best Employers of Production and Innovation in 2022 at Great Place to Work®.
- Aydem Renewables received first place in the "Public Offerings of the Year" category, and second place in the "Corporate Bond Issue of the Year" category of Bonds, Loans & Sukuk Türkiye Awards 2022.
- The Sustainability Report returned with 2 awards from the LACP 2021/22 Vision Awards. It was ranked 55<sup>th</sup> by in the Top 100 Reports list worldwide.



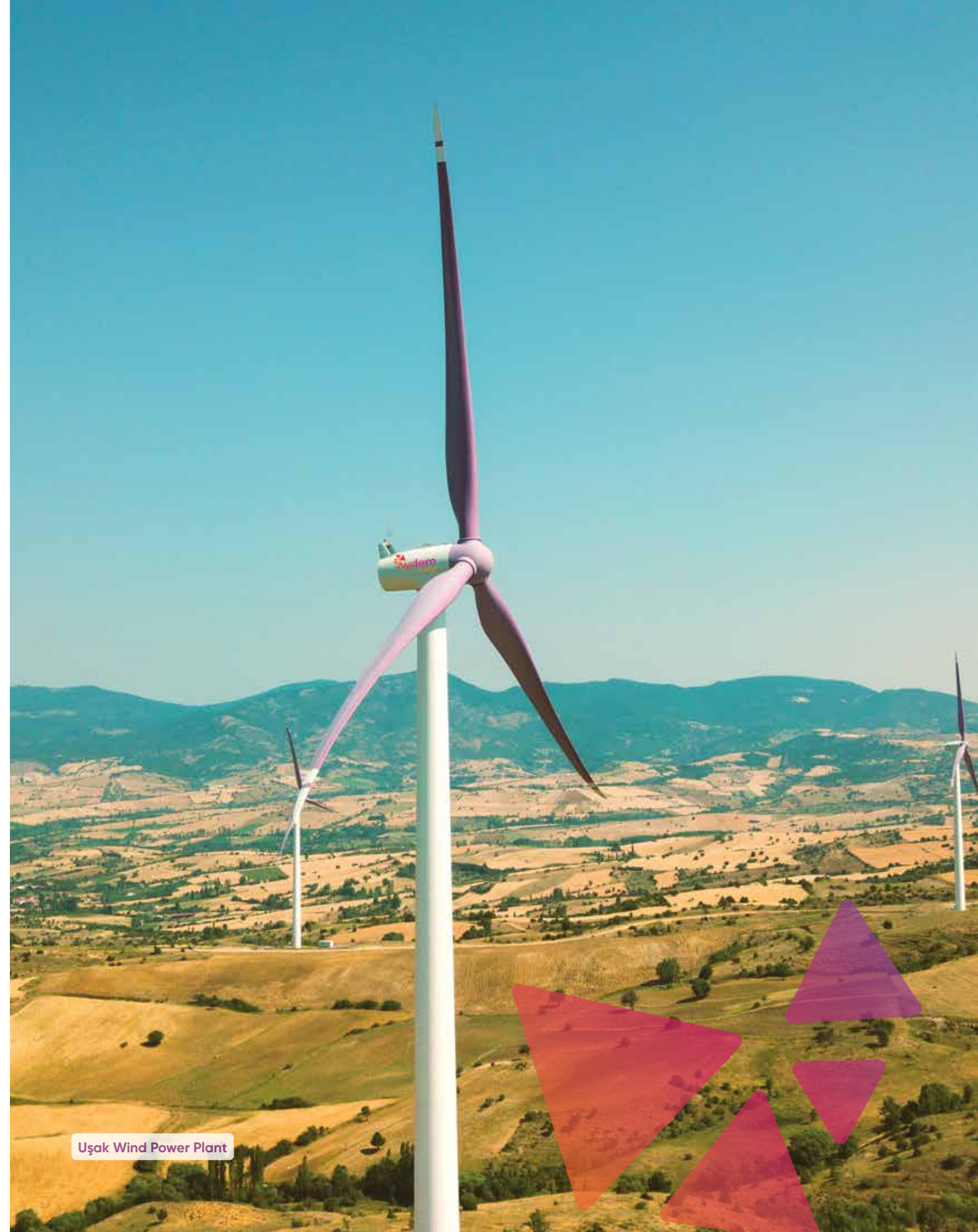
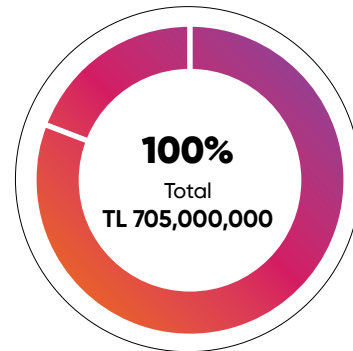
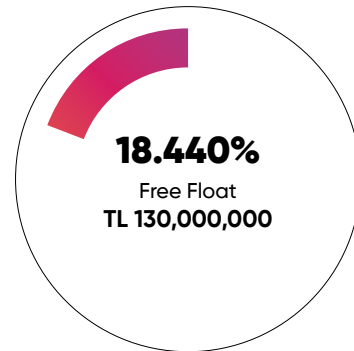
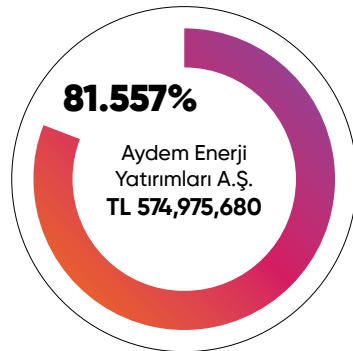
## AYDEM RENEWABLES IN BRIEF

Aydem Enerji Yatırımları A.Ş.  
has 81.557% of the shares.

## Shareholding Structure

Full Name/Trade Name of Shareholder	Share in Capital (TL)	Share in Capital (%)
Aydem Enerji Yatırımları A.Ş.	574,975,680	81.557
Other*	24,320	0.003
Free Float**	130,000,000	18.440
<b>TOTAL</b>	<b>705,000,000</b>	<b>100</b>

\* Consists of Kocaeli Demir San. Tic. Ltd. Şti. (%0,00164), Mopak Kağıt Karton San. Tic. A.Ş. (0,00164%), and Aciselsan Acipayam Sel. San. Tic. A.Ş. (0,00010%) shares.  
\*\* Price stability procedures carried out on the Company's shares within 30 days after they started trading on BIST. In this respect, 18,679,595 shares were purchased.



Uşak Wind Power Plant



## AYDEM RENEWABLES IN BRIEF

### Our Vision, Mission, Strategy

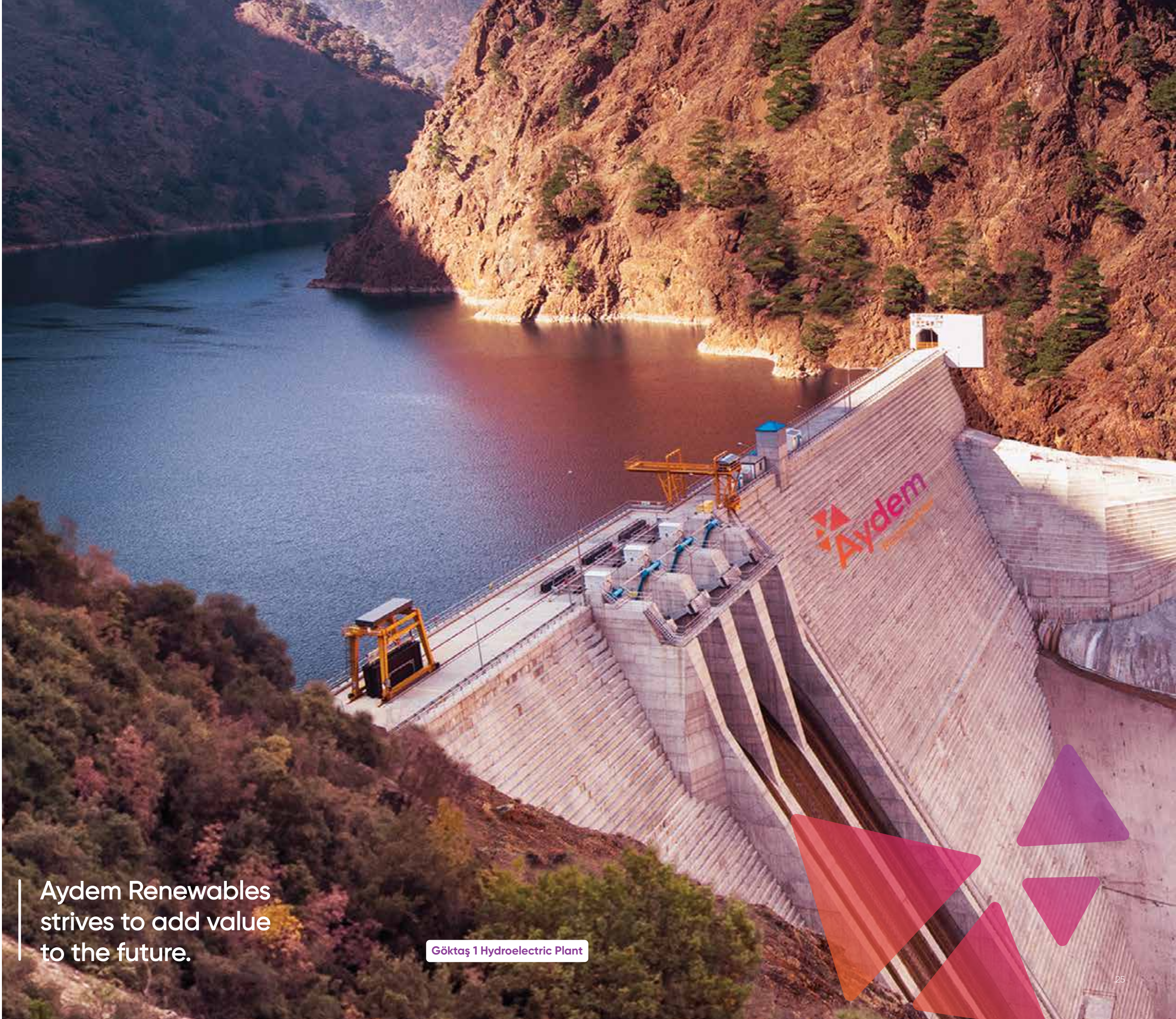
We have adopted a sustainability culture based on our social and economic impact areas, stakeholder expectations, and corporate strategy. Our vision is "clean energy for a sustainable future," and our mission is to "become Türkiye's leading renewable energy producer" as we operate with a focus on the sustainability of natural resources, the environment, and the needs of future generations. With a mindset that places renewable energy at the core of everything that we do, we always strive to bring our Company forward. We add new achievements to our ever-growing list of success stories while working to create the maximum value for internal and external stakeholders. We will maintain our position as the biggest firm with renewable-only generation in Türkiye, and continue pioneering our industry with our innovative investments in renewables.

We remain committed to Sustainability, Innovation, and Human Centricity as we extend support to Türkiye's sustainable development and add value to the future.

We respect the environment and humans, create long-term value for our stakeholders and society, strengthen our team, and aim to operate on a solid and successful business model in the future whilst we generate the "clean energy" of today and the future with sustainability at the core.

We have blazed many trails in Türkiye tapping into an innovative mindset equipped with courage, agility, ambition, and authenticity even at the most unpredictable times. Preserving this innovative mindset is always our driver as we pursue the best for today and the future. Innovation culture shapes the energy industry with brand new approaches. Meanwhile, we make sure to transform the interaction between humans and energy through technological advances and attain higher energy efficiency in all aspects of life through digitalization.

We value human centricity since serving people is our business. This is the perspective we adopt as we work to improve the quality of life. We choose to thrive by adding value to people. The needs of all our stakeholders are a priority for us. We generate energy for life. As we do it, we offer a brand experience focused on customer and stakeholder relations, provide the highest occupational health and safety standards, deliver on all the requirements of being an employer brand, and care about employee engagement and satisfaction.



Aydem Renewables  
strives to add value  
to the future.

Göktaş 1 Hydroelectric Plant



## AYDEM RENEWABLES IN BRIEF

Aydem Renewables fulfills its commitments for individuals, society, the country, and the environment while doing business in the best manner and carrying the institution forward.

### Our Values



#### Sensitivity

We live up to our commitments for individuals, society, our country, and the environment while doing our business in the best manner and carrying the institution forward. We make sure to comply with the Code of Conduct as we conduct business in the time and quality desired. We adopt a transparent and accountable working style in alignment with existing procedures and rules. We raise our voices if we face unethical or unjust conduct. We think of how our behavior impacts others.



#### Dynamism

We monitor the changing needs of our colleagues and stakeholders and introduce the improvements required in the work environment, ways of doing business, our products, and services. We take pioneering steps and provide a new direction for developments and change in the electricity sector. Driven by a curious spirit, we seek new ways to ensure higher efficiency, speed, and zero error in products, processes, and services.



#### Touching Life

Humans are at the heart of everything that we do. Continuous development, curiosity, a searching spirit, and extensive know-how enable us to develop solutions that add energy and value to every aspect of life. We allow our colleagues to express different opinions, value their social needs, and celebrate their achievements together. We strive to improve stakeholders' quality of life by accurately analyzing their needs and expectations.



Adigüzel Hydroelectric Plant – Ecology Festival

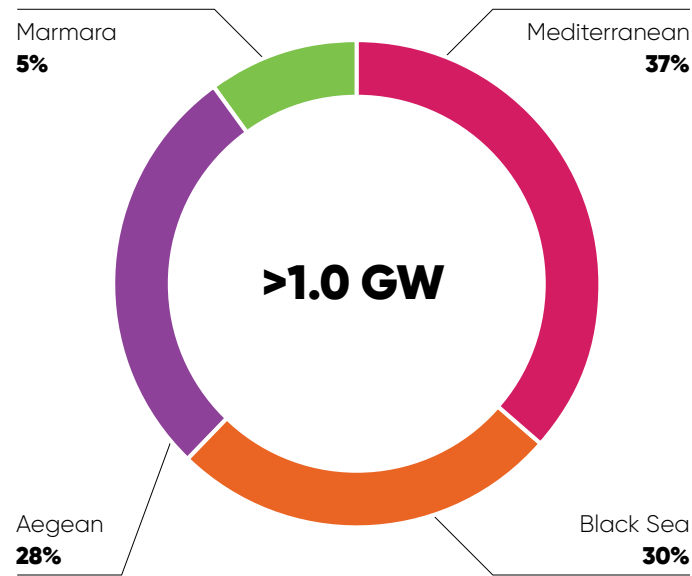


## AYDEM RENEWABLES IN BRIEF

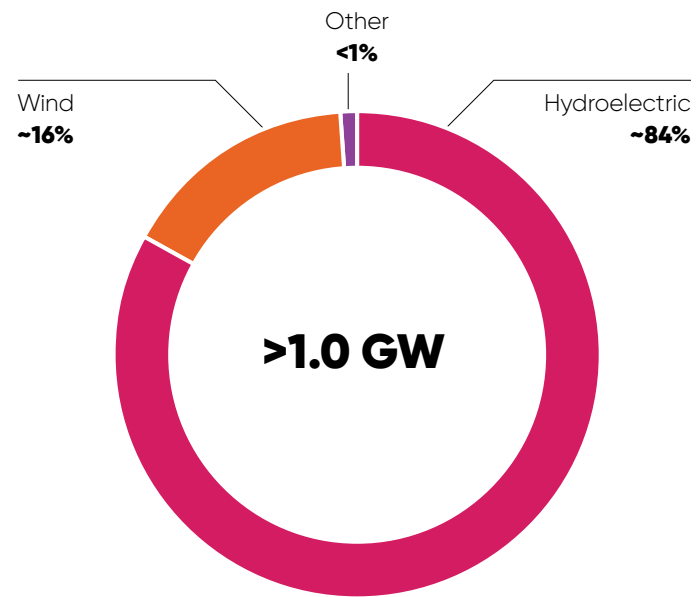
The regional capacity of Aydem Renewables consists of the Marmara, Aegean, Mediterranean and Black Sea regions.

### Aydem Renewables Portfolio

Breakdown by Regional Capacity



Capacity Breakdown by Source\*



According to the installed capacity of Aydem Renewables' plants, 84% consists of HPPs, 16% of WPPs, and the remaining part is GPPs. The total installed power of the company is 1019.48 MW.

\* Detailed capacity distribution is given on page 40.



Uşak Wind Power Plant Auxiliary Source Solar Power Plant



## AYDEM RENEWABLES IN BRIEF

Aydem Renewables continues its activities with 24 power plants.

### Aydem Renewables Portfolio

#### OPERATIONAL

Total 24 Plants  
1,019.48 MWe Installed Power  
3,925 GWh Total Annual Generation



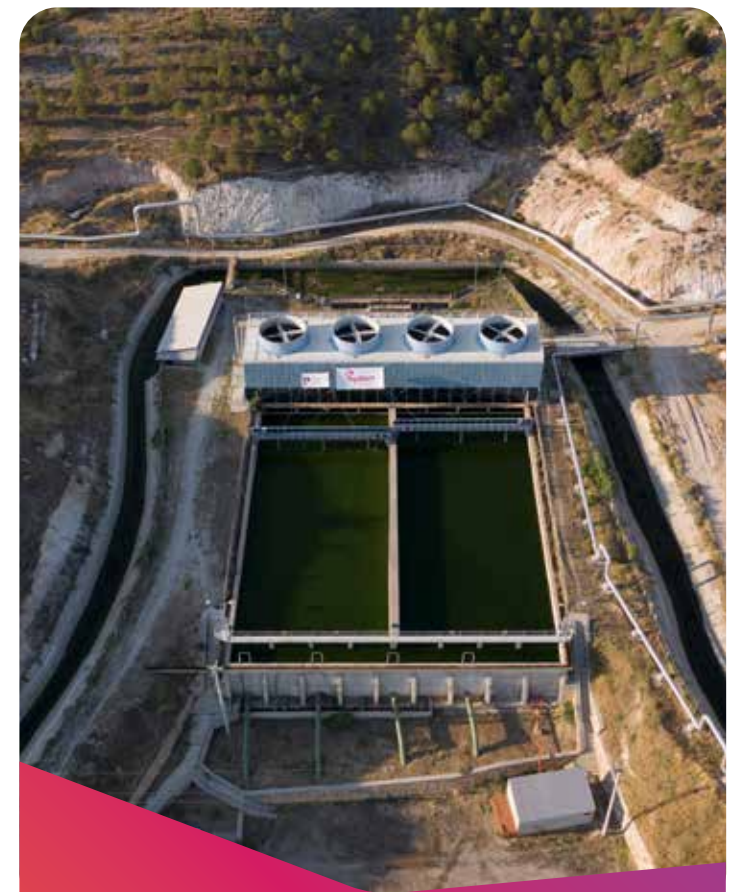
#### Hydroelectric

-  **20** Plants
-  **852.13 MWe** Installed Power
-  **3,347 GWh** Annual Generation



#### Wind

-  **3** Plants
-  **160.50 MWe** Installed Power
-  **540 GWh** Annual Generation



#### Geothermal

-  **1** Plant
-  **6.85 MWe** Installed Power
-  **38 GWh** Annual Generation



## AYDEM RENEWABLES IN BRIEF

Aydem Renewables is included in Borsa Istanbul's Corporate Governance Index (XKURY).

### Awards and Achievements in 2022



#### CDP Climate Change

- A Leadership Level (The first and only energy company from Türkiye to be included in the A List Report, which contains 295 companies from around the world)



#### CDP Water Security

- A Leadership Level (The first and only energy company from Türkiye to be included in the A List Report which contains 106 companies from around the world)



#### Being a Signatory of the Net Zero Commitment of the Science-Based Targets Initiative (SBT-i)



#### Türkiye's Best Employers' Survey by Great Place to Work Institute®

- Ranking among Türkiye's and Aegean Region's Best Employers, and the Best Production and Innovation Employers for 2022



#### CMB Corporate Governance Principles Compliance Rating

- 9.48 (the highest note to be attained among energy companies that have gone through corporate governance rating for the first time)



#### Inclusion in Borsa Istanbul's Corporate Governance Index (XKURY)



#### Signatory of the Women's Empowerment Principles



#### LACP Vision Awards

- Five awards for Aydem Renewables Annual Report 2021 (Gold Award for Energy-Equipment Services category, "Silver Award" for Regional Special Achievement Award category, LACP Technical Achievement Award, "Türkiye Top 20" list, "EMEA Top 80" list)



#### Bonds, Loans & Sukuk Türkiye Awards

- First place in the "Public Offerings of the Year" category
- Second place for the "Corporate Bond Issue of the Year" category



#### ICCI 2022 Energy Awards

- Two awards to Uşak Hybrid SPP in "Hybrid Plants" and "Main Equipment" categories (panel producer Parla Solar)



#### LACP 2021/22 Vision Awards

- Two awards to the Sustainability Report from the LACP 2021/22 Vision Awards, 55<sup>th</sup> place in the World's Top 100 Reports list

### Subsidiaries

Aydem Renewables' subsidiaries are as follows and the Company is 100% shareholder of all of them.

Trade Name	Business Areas	Paid In /Issued Capital (TL)	Share in Capital (%)
Başat Elektrik Üretim ve Ticaret A.Ş.	Electric power generation from renewables and the sale of the electric power generated	48,205,000	100
Eytur Enerji Elektrik Üretim ve Ticaret A.Ş.	Electric power generation from renewables and the sale of the electric power generated	36,175,000	100
Sarı Perakende Enerji Satış ve Ticaret A.Ş.	Wholesale of electric power on the electricity market	5,500,000	100
Akköprü Yenilenebilir Enerji Üretim A.Ş.	Electric power generation from renewables and the sale of the electric power generated	100,000	100



## AYDEM HOLDING GROUP COMPANIES

Aydem Group is one of the largest groups in terms of installed power operating in the energy sector.



**12+ thousand**

Number of employees in the Group



**20+ million**

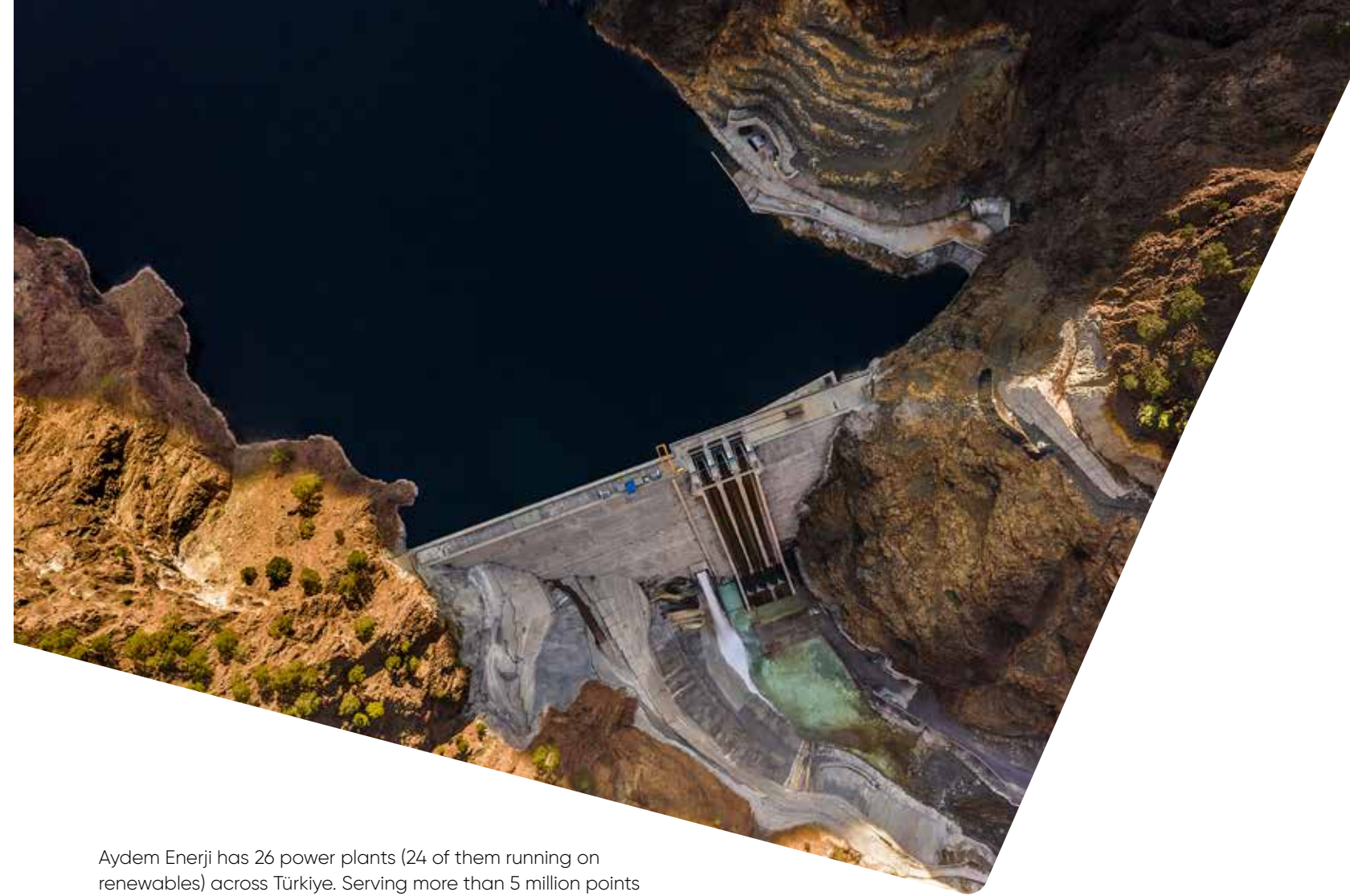
People served

- Türkiye's first and leading integrated energy company
- One of the top three companies with Türkiye's largest renewables portfolio
- Türkiye's biggest company with a portfolio fully made of renewables: Aydem Renewables
- Türkiye's largest magnet wire manufacturer: Elsan Elektrik
- Türkiye's first private sector hydroelectric power plant: Bereket Hydroelectric Power Plant
- Türkiye's first domestic solar cell production: Parla Solar
- Türkiye's first private sector electricity distribution company: Adm Elektrik Dağıtım
- Türkiye's first private sector electricity retail company: Aydem Elektrik Perakende
- Türkiye's first company to attain "Great Place to Work" certificate with 14 group companies at one time
- Türkiye's first company to be listed among "Best Employers" with 10 group companies at one time

Aydem Holding A.Ş. has always become a changemaker and championed novelties in Türkiye's energy industry. Operating in non-energy fields such as generation, distribution, and retail, Aydem Holding A.Ş. has a well-established presence of 40 years and over 12,000 employees. The company conducts its operations in a socially and environmentally responsive manner, by placing humans at the core of all its efforts. Aydem Group is one of the largest groups in terms of installed power operating in the energy sector. Having blazed trails, the Group is a pioneer in the industry and country.

### Aydem Energy Group

The foundations of the Company were laid when Elsan Elektrik became operational in 1980. Set to conduct electricity generation, transmission, distribution, and trading activities in Aydın, Denizli, and Muğla provinces under the umbrella of Aydem Enerji, the Company quickly ranked among the key players of Türkiye's energy industry. Boasting 15 companies and 12 thousand employees, Aydem Enerji has electricity generation, distribution, and retail activities, and is positioned as the leading and integrated energy company of Türkiye.



Aydem Enerji has 26 power plants (24 of them running on renewables) across Türkiye. Serving more than 5 million points with its electricity retail, and distribution companies, Aydem Enerji provides a guiding light to over 20 million people. The Group generates 10,816 GWh of power with an installed capacity of 1,965 MWe and sells 21,934 GWh of electricity to 5.4 million customers with a distribution service of 25,009 GWh.

Not compromising on its socially and environmentally responsive approach, Aydem Enerji places people at the core of its business and transforms energy into an innovative power to illuminate the present and future.

Aydem Renewables is a Group company operating in the field of renewable energy generation which works for the sustainable future of Türkiye and generates power from hydro, wind, geothermal, and biogas resources. With 24 power plants running on renewables across Türkiye, the Company has an installed capacity of 1,019.48 MWe and generates 3,925 GWh annually. It conducts all construction works internally, from designing to engineering and operating power plants, except two plants in its portfolio that the Company took over through privatization.

Aydem Enerji plays a key role in meeting Türkiye's need for electricity by adopting a holistic approach with other companies and operations in the sector apart from renewable energy generation. As for electricity retail, Aydem Elektrik Perakende Satış A.Ş. and Gediz Elektrik Perakende Satış A.Ş. transform customers' interaction with electricity through lean, personalized and creative solutions in 2 regions and 5 provinces including Aydın, Denizli, Muğla, İzmir, and Manisa. In addition to electricity sales in five provinces, the company acts as an electricity supplier for eligible consumers based on bilateral deals. As for distribution activities, uninterrupted and safe delivery of electricity is a key service for the company as electricity inspires venues and makes life more meaningful. The Company places humans at the core of its business in developing systems and solutions for a more quality life. Adm Elektrik Dağıtım A.Ş. holds Türkiye's first private sector electricity distribution license and distributes electricity to consumers based in Aydın, Denizli, Muğla. Gdz Elektrik Dağıtım A.Ş. distributes electricity in İzmir and Manisa.



## AYDEM HOLDING GROUP COMPANIES

Türkiye's first and leading integrated energy company

### AYDEM ENERGY GROUP

#### Renewable Energy Generation



#### Aydem Renewables

Established: 1995  
 Generation Portfolio Fully Consisting of Renewables: 24 (20 HPPs, 3 WPPs, 1 Geothermal Power Plant)  
 Total Installed Power: 1,019,48 MWe  
 Electricity Generation: 3,925 GWh

#### Electricity Distribution



#### ADM Elektrik Dağıtım

Established: 2008  
 Distribution Region: Aydın, Denizli, Muğla  
 Türkiye's First Private Sector Company Holding an Electricity Distribution License  
 3,2 Million Population – 2 Million Consumers



#### Gdz Elektrik Dağıtım

Established: 2013  
 Distribution Region: İzmir, Manisa  
 5,8 Million Population – 3,5 Million Consumers

#### Electricity Retail Sales



#### Aydem Perakende

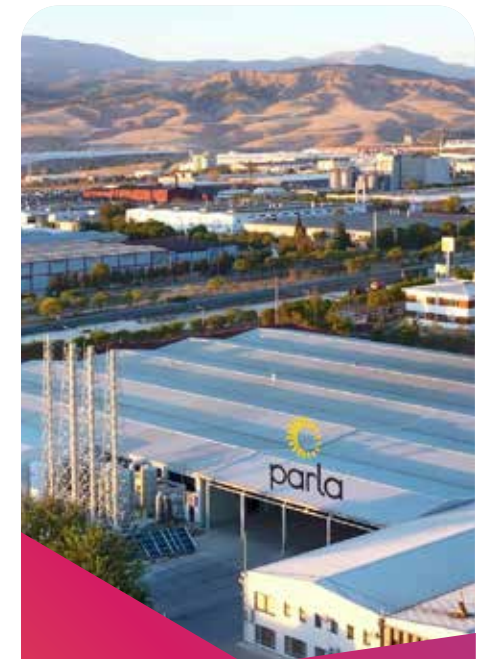
Established: 2008  
 Türkiye's First Privatized Retail Company  
 Electricity Supply in 81 Provinces of Türkiye  
 Energy for Over 8 Million People in More Than Two Million Points  
 I-REC Certified Green Energy Sales



#### Gediz Perakende

Established: 2013  
 Electricity Supply in 81 Provinces of Türkiye  
 Energy for Over 12 Million People in More Than 3 Million Points  
 I-REC Certified Green Energy Sales

#### Other



#### Parla Solar

Established: 2014  
 Area of Activity: Solar Panel Production  
 Production Area: 33,000 m<sup>2</sup>  
 Production Capacity: 150 MW



## AYDEM HOLDING GROUP COMPANIES

Aydem Enerji plays a key role in meeting Türkiye's need for electricity with its companies and operations in the sector apart from renewable energy generation.

## AYDEM ENERGY GROUP

Other



**Elsan Elektrik Gereçleri San. ve Tic. A.Ş.**

Established: 1980  
Area of Activity: Electric Appliances  
Production and Sales  
Production Capacity: 30 Thousand  
Ton/Year  
65% of Sales Consisting of Exports



**GDZ Enerji**

Established: 2013  
Area of Activity: Boosting operational  
efficiency and shaping the dynamics  
of the services industry



**Tümaş**

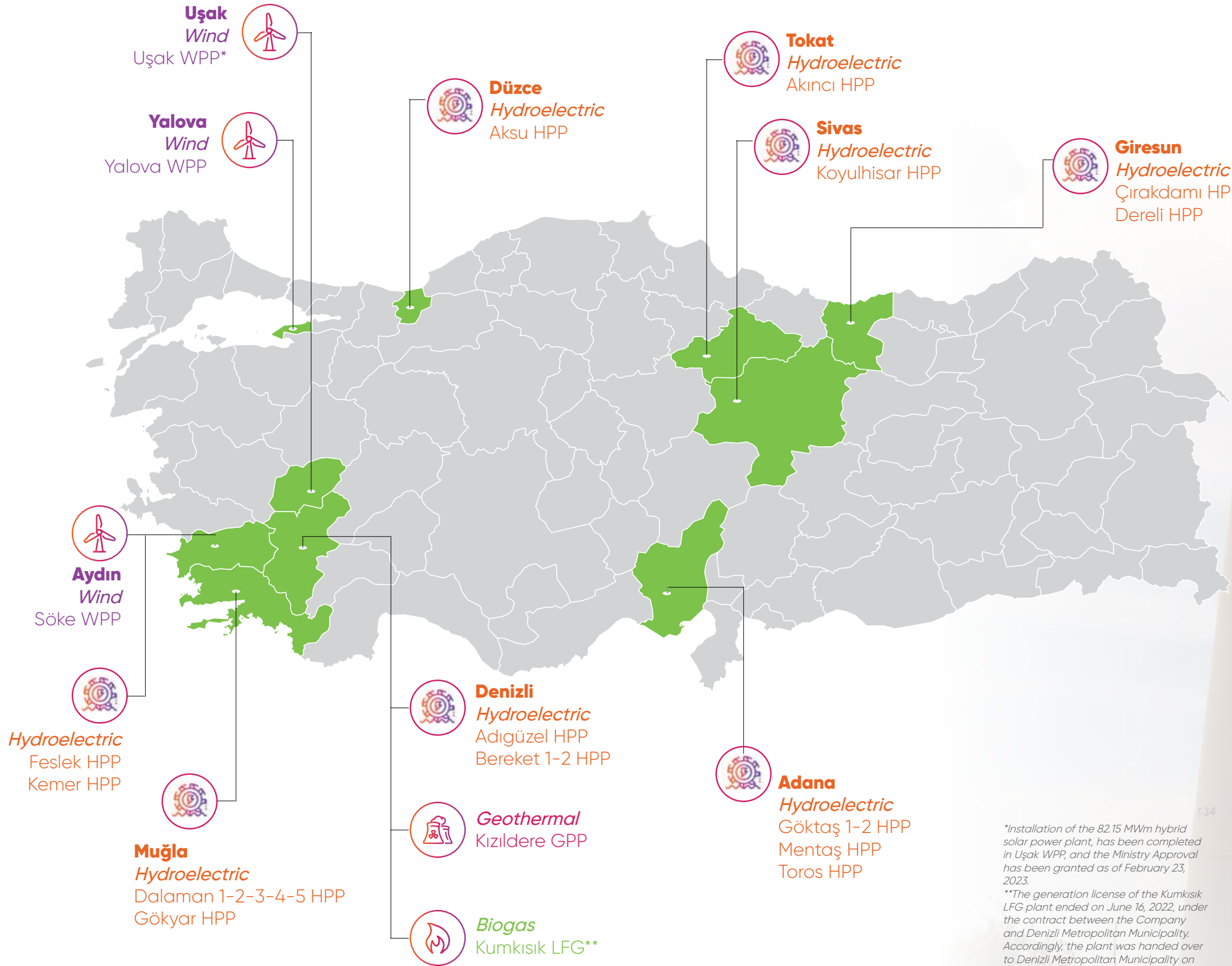
Established: 1986  
Area of Activity: Türkiye's biggest and  
first natural stone producer  
Hundreds of projects in Türkiye and  
abroad



Uşak Wind Power Plant



## OPERATION MAP



Aydem Renewables generates energy in a wide geography of our country.



\*Installation of the 82.15 MWm hybrid solar power plant, has been completed in Uşak WPP, and the Ministry Approval has been granted as of February 23, 2023.

\*\*The generation license of the Kumkısık LFG plant ended on June 16, 2022, under the contract between the Company and Denizli Metropolitan Municipality. Accordingly, the plant was handed over to Denizli Metropolitan Municipality on the contract end date.



## MESSAGE FROM THE GENERAL MANAGER

We achieved high availability rates of around 99.6%, thanks to the quality operation and maintenance-repair capabilities and productivity-enhancing investments in our power plants spanning four regions of Türkiye.



**1 TL billion**

Net Profit



**35.4 TL billion**

Total Assets

Esteemed Stakeholders,

The year 2022 was notable in terms of an increase in the share of energy generated from renewable energy sources, both in our country and in the world.

As Aydem Renewables, which adopts the approach of 'energy for life' and focuses on sustainable and responsible energy production, we started efforts to implement numerous new investment projects this year, while maintaining our leading position in the industry.

As the rise in renewable energy production in 2022 was near our long-term average, we achieved production in line with projections in our portfolio, 84% of which consists of hydroelectric power plants.

We achieved high availability rates of around 99.6%, thanks to quality operation and maintenance-repair capabilities and productivity-enhancing investments at all our power plants, across four different regions of Türkiye. We improved our production performance as a result of these efforts.

Adhering to our principle of 'people first', we developed health, safety and welfare strategies. We minimized hazard-related risks by providing our employees with a safe, healthy and motivating working environment. Furthermore, we adopted an approach in compliance with the ISO 45001:2018 Occupational Health and Safety Management System, while prioritizing high performance and continuous improvement. This strategy resulted in a '0' frequency rate of workday losses due to occupational accidents in 2022.

We strive to sustain our commitment to preserve the environment. In line with this, Our renewable energy production helped prevent 1,789,183 tCO<sub>2</sub>e emissions in 2022.

### **We are the only company in our country in the CDP Global A List**

We have achieved significant achievements in the reports we have made by international independent rating agencies in the field of sustainability and the environment. Achieving "A Leadership Level" in the Water Security and Climate Change reporting of the Carbon Disclosure Project (CDP), our Company has been included in the Global A List. We have carried our brand among the global climate leaders by being the only company in the Global A List for both climate change reporting and water safety reporting among all sectors in our country.

In addition, we maintained our efforts towards sustainable development and social responsibility and aimed to enhance the welfare of our communities by collaborating with local residents and organizations.

### **We achieved all our financial and operational targets in 2022**

The year 2022 was significant for Aydem Renewables, the pioneer and largest company in Turkey to produce energy from 100% renewable sources. We expanded support for our country's clean energy transformation and development through our exceptional energy production performance and, despite escalating uncertainties and lessened predictability, we continued to fulfill our economic commitments to our stakeholders while implementing innovative investments shaped in accordance with our social and environmental sensitivities.

We have taken our brand among the global climate leaders.



## MESSAGE FROM THE GENERAL MANAGER

**As Aydem Renewables, we base our investment philosophy on sustainable growth and returns, continuity, and an environmentally friendly approach.**

In 2022, we achieved an exceptional technical performance across all our business areas, consequently producing 2,469 GWh of electricity with a 99.6% availability rate, and delivered financial results in line with our strategies. Our total assets rose by 57% compared to the previous year, reaching TL 35.4 billion, while our equity also increased by 74%, reaching TL 17 billion.

Our effective portfolio management and the high availability levels of our power plants enabled us to achieve an EBITDA of TL 3.472 billion, and we closed the period with a profit of TL 1.18 billion. We strengthened our financial structure by reducing cost of debt through a Eurobond buyback of 498 million Euros, carried out during the year. At the end of the period, the ratio of net financial debt to annual EBITDA stood at 2.9 level.

Aydem Renewables, which realized our country's largest initial public offering in the last three years, focused on increasing the value it generates for shareholders and investors. In 2022, our first Corporate Governance Principles Compliance Rating was determined as 9.48 out of 10, and we were also included in the Borsa Istanbul Corporate Governance Index (XKURY). Our achievement of the highest score among companies in our industry undergoing a first-time corporate governance rating attests to our commitment towards developing fair, transparent, accountable and responsible corporate governance practices for all stakeholders.

### **We continue to establish industry standards through innovative investments**

As Aydem Renewables, we base our investment philosophy on sustainable growth and returns, continuity, and an environmentally friendly approach. Accordingly, in 2022, we concentrated on new investments that would expand our resource diversity and minimize the impact on our operations of seasonal and climatic conditions, as well as other cyclical risks.

Through investments that we plan to finance via utilizing the cash flows generated by our operations, we aim to increase our total installed capacity by approximately 20% by the end of 2023. Our 82.15 MW SPP project, which we initiated at our Uşak WPP site, was the most prominent of the steps we took during

the reporting period in line with this goal. We completed our installation work at Uşak Hybrid SPP, the largest hybrid solar power plant in Turkey, at the end of 2022. We wish Uşak Hybrid SPP, which is the first solar power plant of Aydem Renewables commissioned with the approval of the ministry given in February 2023, is beneficial for our country.

During 2022, we accelerated our efforts to increase the capacity of our WPP portfolio to increase the share of green investments in Turkey's energy generation capacity. We aim to achieve a capacity increase of 114 MW at Uşak and Söke WPPs by the end of 2023 with the projects we have developed.

In addition, we have completed our preliminary license application for a total capacity of 500 MW, including 400 MW SPP and 100 MW WPP, within the scope of the new legislation on storage electricity generation facilities in 2022.

We aim to increase our installed capacity by 150.9 MW with the investments we will make by the end of 2024. 73.46 MW of these investments consist of Terrestrial Hybrid SPP, 31.44 MW Floating Hybrid SPP, and 46 MW WPP Capacity Increase projects.

Also, we plan to put into operation our 102.3 MW Terrestrial Hybrid SPP project in addition to storage generation facilities in 2025.

We thus plan to increase our installed capacity by 949.35 MW by the end of 2025 with our investments in Hybrid SPP, WPP Capacity Increase, and Storage Generation Facilities. In addition to doubling our installed capacity, we will also diversify the resources in our renewable energy generation portfolio.

### **We are moving towards the goal of becoming a carbon-neutral company with a scientific approach.**

As Aydem Renewables, we are striving hard to leave a more livable world to the next generations. As we generate energy for sustenance exclusively from locally sourced and environmentally friendly resources, we continue executing all of our operations in a manner that serves as a source of inspiration to the energy generation industry.



One of the greatest responsibilities in taking steps to mitigate the disasters that may arise from climate change falls upon corporations. One of the fundamental pillars of our sustainability vision is to transition into a carbon-neutral company across all our operations by the year 2050. In accordance with this approach, we were among the pioneering energy sector companies to sign the commitment letter to the Science-Based Targets Initiative (SBTi) in November, encompassing net-zero targets for science-based targets. Our company committed to setting a science-based long-term target that conforms to the Net Zero Standard of SBTi, aimed at achieving net-zero greenhouse gas emissions in the value chain no later than 2050, submitting it for SBTi validation, and publishing it within a maximum of 24 months. In addition to committing to setting a net-zero target, our company has also agreed to be a part of the Business Ambition for 1.5°C campaign and will participate in the Race to Zero campaign as well.

### **We draw our energy from our employees**

Understanding that the principle of investing in people is at the heart of sustainable success, we prioritize establishing a work environment that contributes to the experience, development,

engagement and happiness of our employees. Through the program implemented by the Great Place to Work Institute, we earned a spot on Turkey's Best Employers List in 2022 by meeting the criteria of a 'Great Place to Work'. Rankings are based on employee votes within the themes of "trust, respect, fairness, pride and team spirit". It is a consistent source of motivation and pride that our efforts to provide an excellent workplace environment are validated by our employees.

As Aydem Renewables, we are determined to keep moving forward, aligned with the sustainability-based vision that brought us to where we are today. I firmly believe that, with the support of our employees, we can surpass our achievements and set even more ambitious goals in the upcoming period.

I would like to take this opportunity to express my appreciation to all our stakeholders, who have supported us and demonstrated confidence in our performance in 2022, and particularly to my colleagues at work.

Best regards,

**Ömer Fatih KEHA**  
General Manager



## RENEWABLE ENERGY SECTOR OF TÜRKİYE IN 2022

Türkiye is finalizing the infrastructure to integrate storage technologies with the grid and deploy hybrid plants.



# 103,805 MW

Türkiye's installed power



# 54.33%

Share of renewable energy in total installed power

The global economy experienced a swift recovery in 2021 after the economic decline of 2020 due to the impact of the COVID-19 pandemic. Meanwhile, the war between Russia and Ukraine in 2022, supply-demand shocks, and supply chain bottlenecks resulted in significant increases in the price of oil and other commodities. Following these developments, the entire world was affected by a strong inflationary trend.

The energy industry was among the hardest-hit sectors globally due to price hikes triggered by supply bottlenecks resulting from wars and embargoes. The COVID-19 pandemic laid bare, though strikingly, the importance of renewable energy investments to guarantee our planet's sustainable future. Furthermore, the Russia-Ukraine war that broke out in 2022 made many countries feel the impact of their reliance on Russia for natural gas. This added to their energy security concerns and accelerated their pursuit of sustainable energy resources.

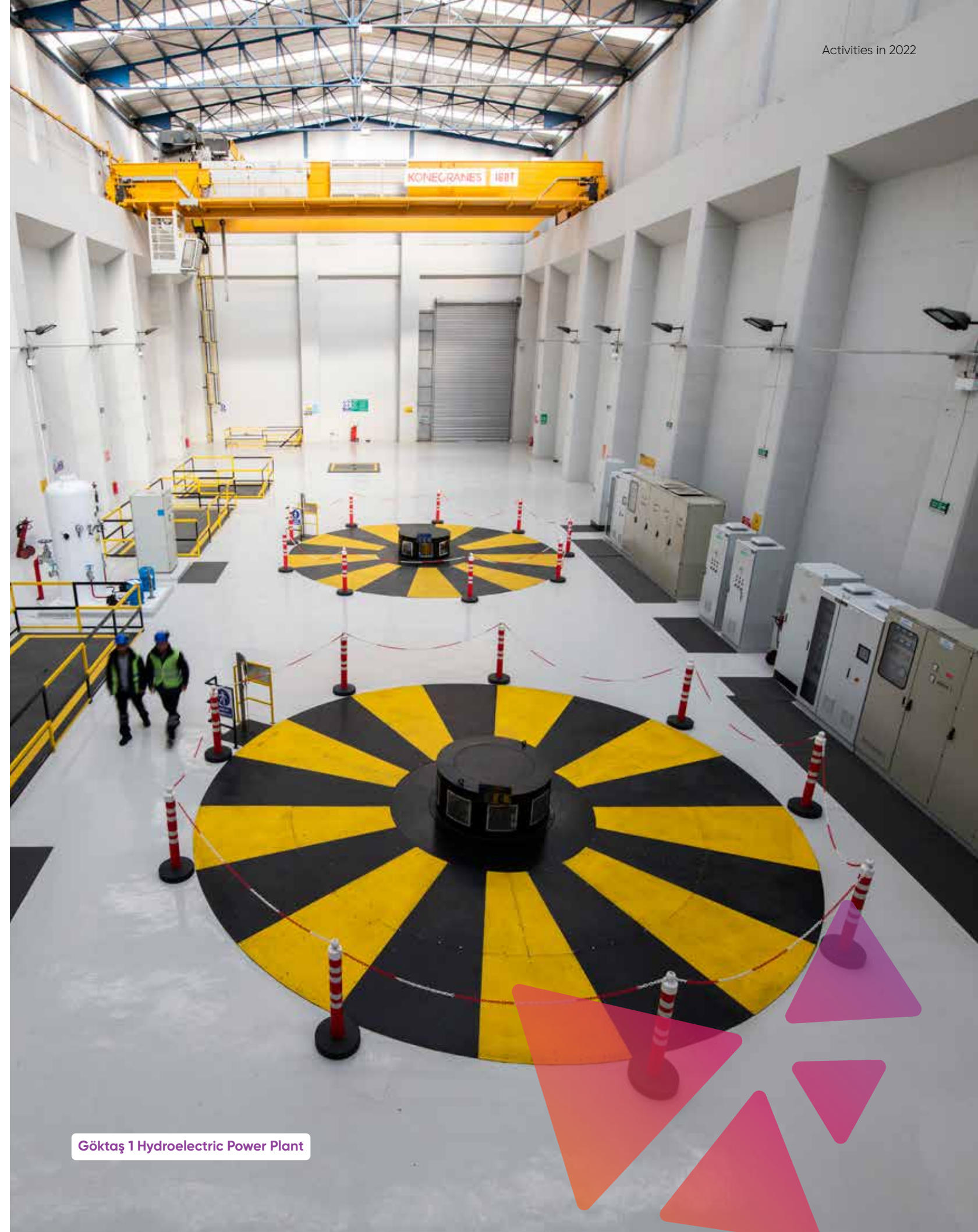
In the aftermath of record figures in the previous years, renewable energy investments and renewable generation continue their rise. However, it would not be possible to meet growing energy demand in the world via sustainable means in the case of a continued lack of large-scale investments in energy efficiency, electrification, and low-carbon technology combined with policies and targets to fight climate change, according to the "World Energy Investments 2022" report issued by the International Energy Agency.

The European Union re-assessed its renewable energy targets in the aftermath of the impact of the war between Russia and Ukraine, giving pace to its efforts to expand the initially planned share of renewables in power generation.

In 2023, investments in highly flexible battery storage facilities powered by renewables and hydrogen are expected to increase.

Meanwhile, Türkiye continues its journey toward energy transformation to cut its reliance on foreign energy sources. Ratifying the Paris Climate Agreement and consequently releasing its Green Deal Action Plan, Türkiye chose to be a more effective player in combating the global climate crisis while taking firm steps towards renewable energy goals and working to finalize the infrastructure to integrate storage technologies with the grid and deploy hybrid plants.

As per the installed power data released by TEİAŞ (Turkish Electricity Transmission Corporation), Türkiye increased its total installed power to 103,805 MW as of December 2022. Renewable energy generation plants represent 54.33% of this power. The biggest installed capacity increase has occurred at SPPs compared to previous years.

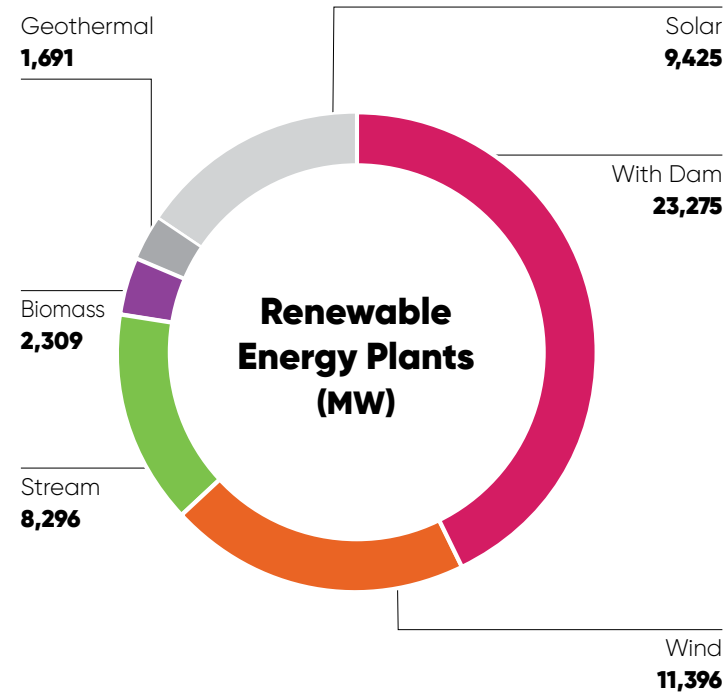


Göktaş 1 Hydroelectric Power Plant



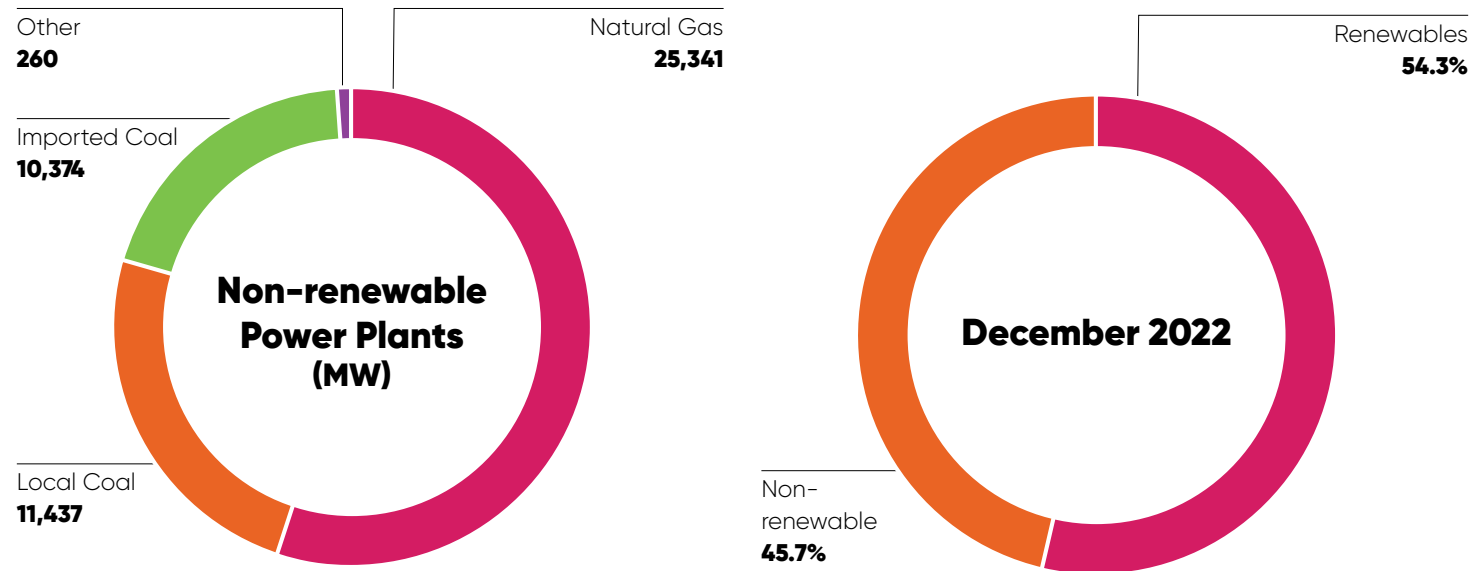
## RENEWABLE ENERGY SECTOR OF TÜRKİYE IN 2022

As of the end of 2022 renewable energy generation plants represent 54.33% of total installed power.



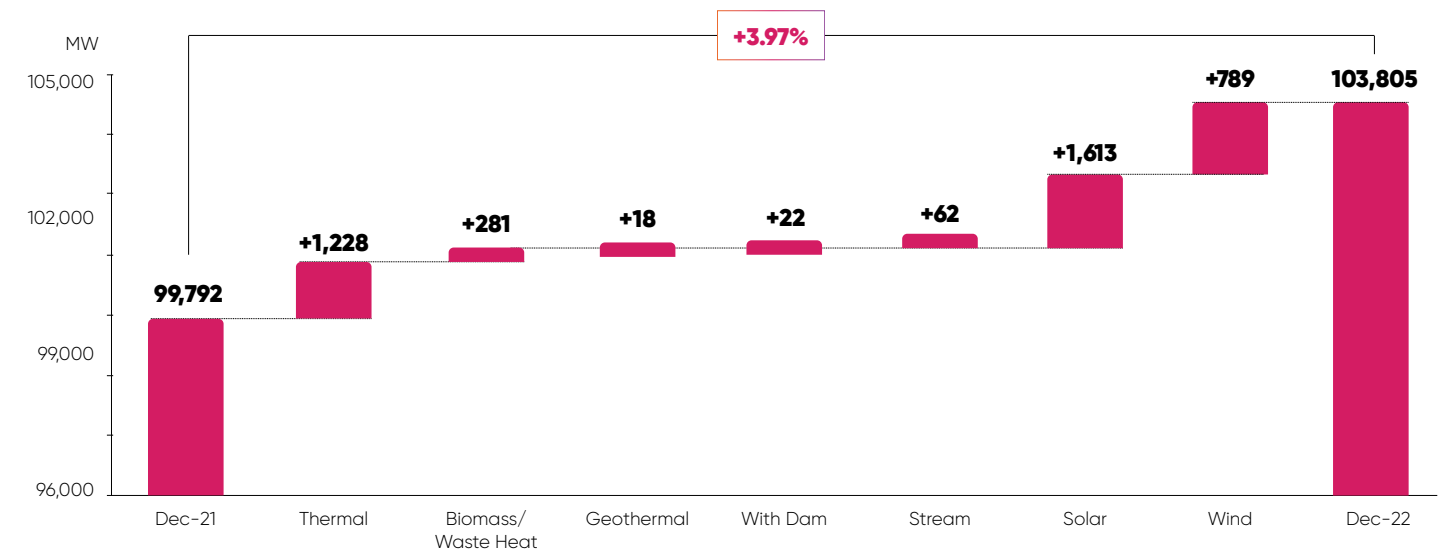
### Installed Power

Installed power breakdown details are given in the graphs below and on the side.



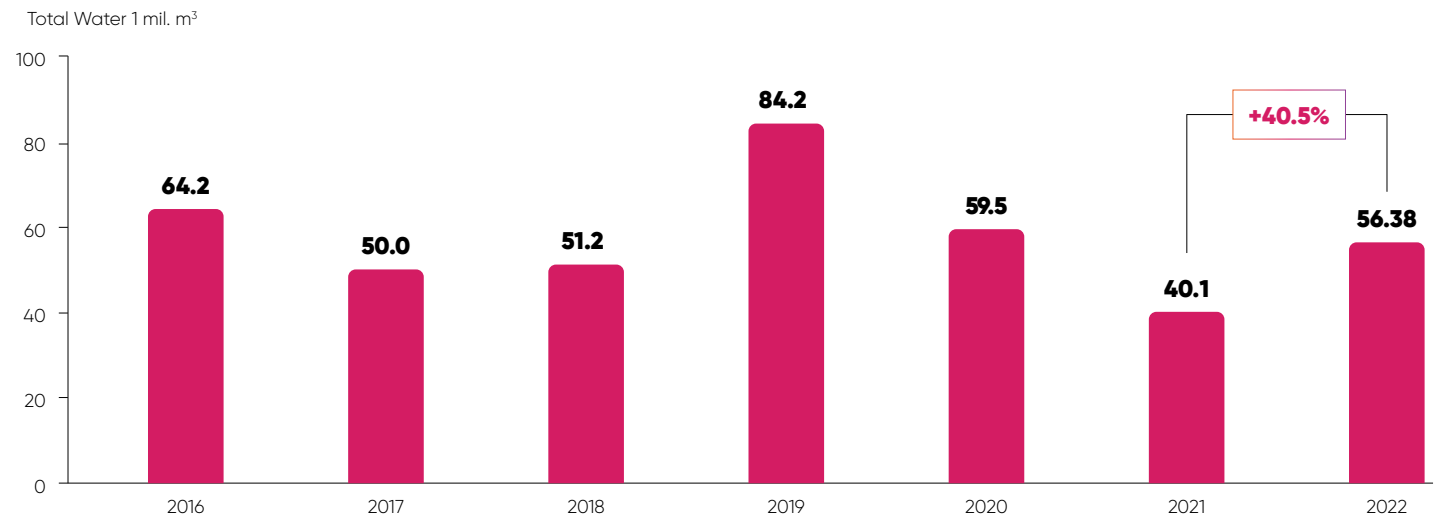
### Change in Installed Power

The highest increase in installed power was recorded in solar power plants compared to the previous year.



### Water

In 2022, there was an increase (40.5%) in the amount of water coming to the power plants with dams.



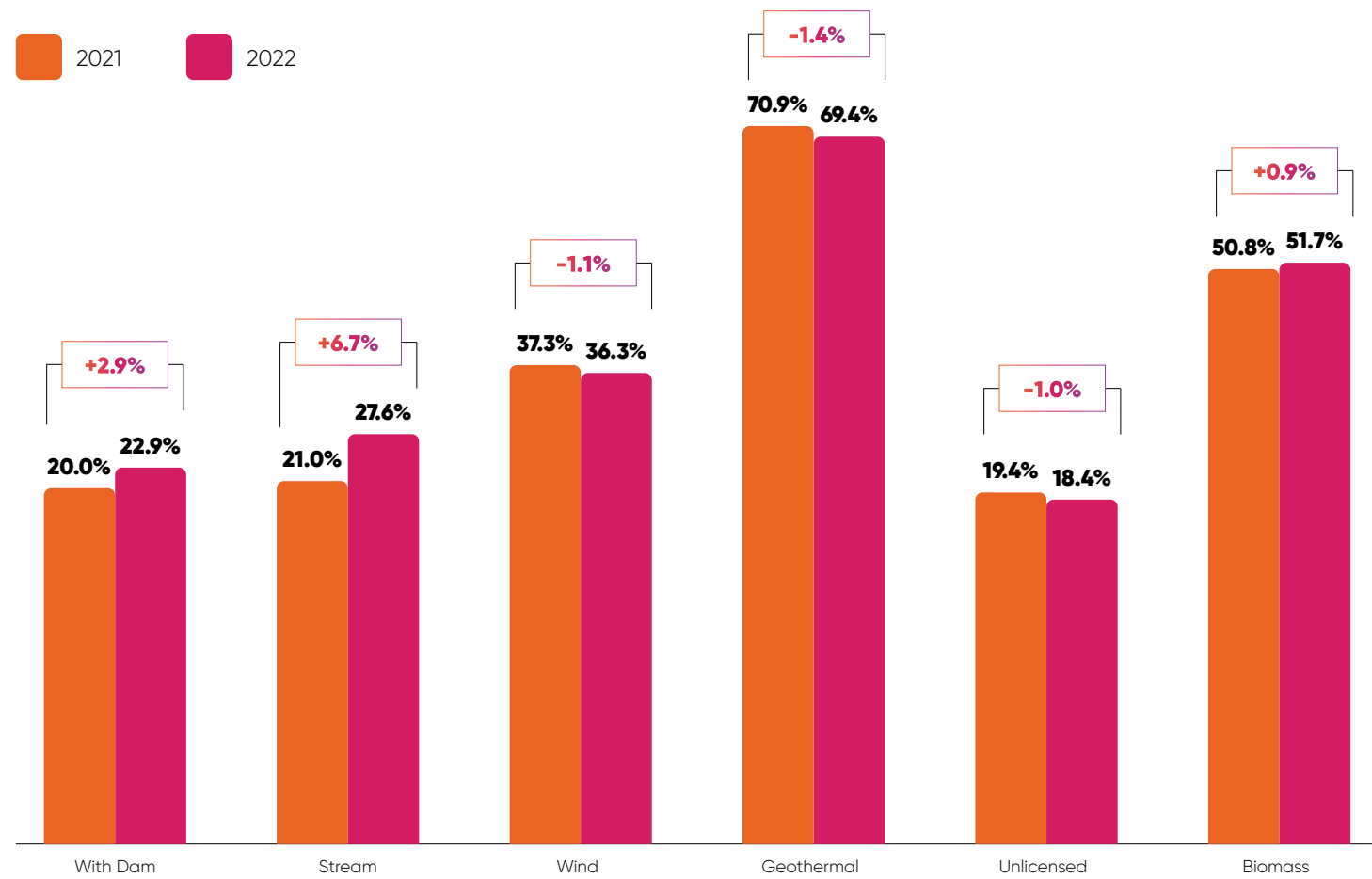


## RENEWABLE ENERGY SECTOR OF TÜRKİYE IN 2022

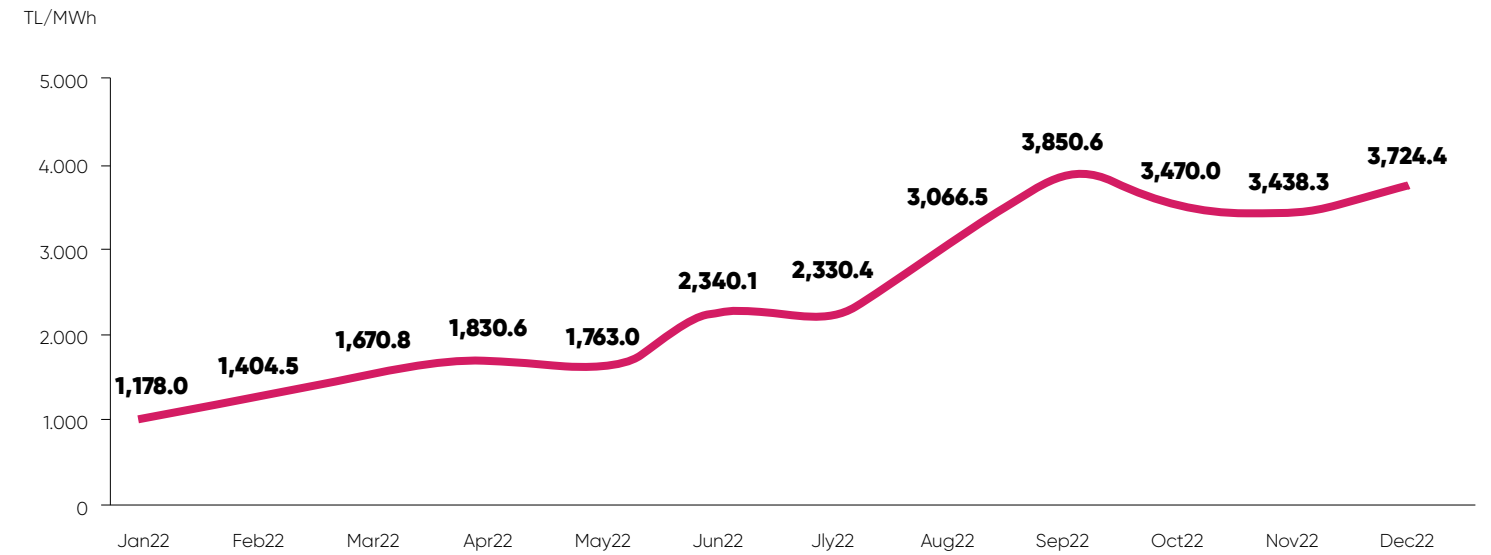
Stream, Dam and Biomass power plants recorded capacity factor increase in 2022.

### Capacity Factor of Renewable Power Plants

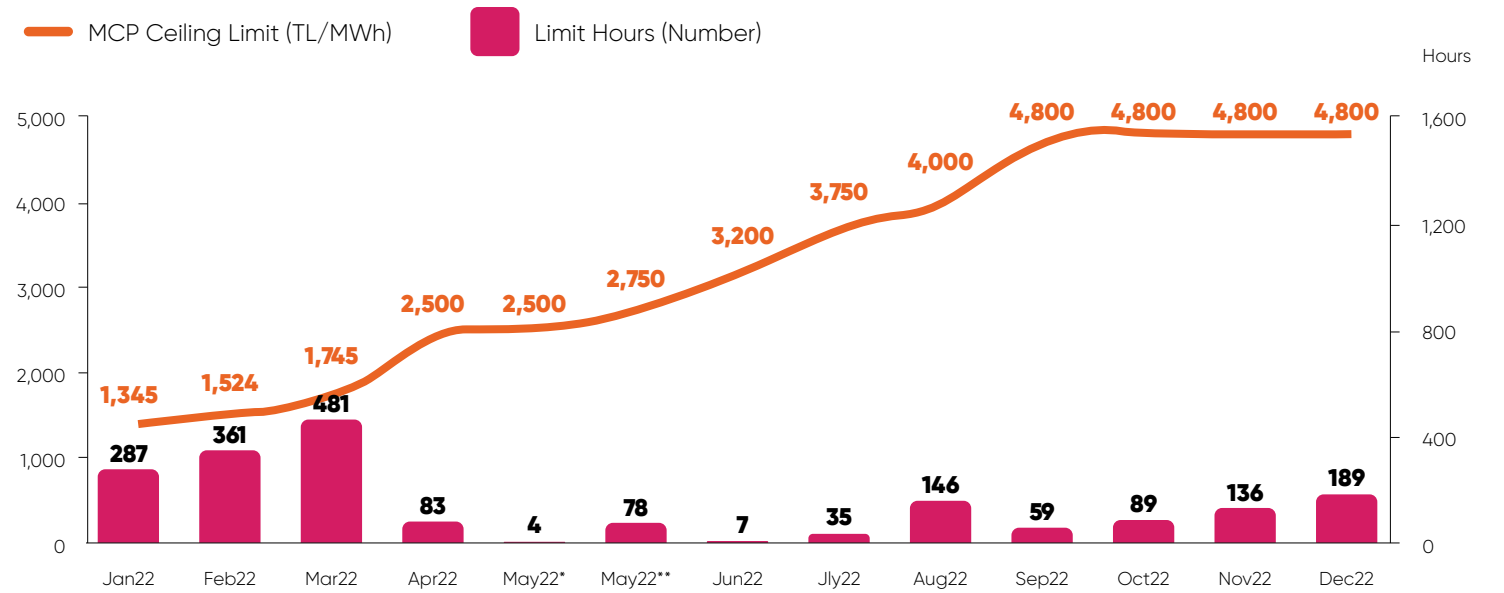
According to the capacity factor changes of renewable power plants compared to the previous year, an increase has been recorded in Stream, Dam and Biomass power plants.



### Market Clearing Price (MCP)



### Ceiling Price Development (CPD)



\* In May, the CPD ceiling was updated 2 times.



## FIELDS OF OPERATION AND INVESTMENTS

**In 2022 the total amount of waste generated per person decreased by 13.3% compared to the previous year.**

Aydem Renewables operates 24 renewables plants. 20 of them are hydroelectric power plants (HPPs), three of them wind power plants (WPPs), and one geothermal plant (GPP). The plants of the Company are located in the Black Sea, Marmara, Mediterranean and Aegean regions. As of December 31, 2022, its installed power is 1,019.48 MWe. Some 84% of this power comes from HPPs, 16% from WPPs, and the rest from GPP. Aydem Renewables utilizes high-quality and efficient equipment, continuously develops its IT and infrastructure systems with a focus on digitalization, and sets up operating and maintenance teams of highly qualified people. Thanks to these, it has attained an availability rate of 99.6% at its plants in 2022.

The Company has 20 HPPs across four hydrological regions with different stream characteristics in its portfolio. The installed power of its HPPs stands at 852.13 MWe as of December 31, 2022. 20% (170.44 MWe) of installed HPP power is located in the Aegean Region, 44% in the Mediterranean Region (375.19 MWe), 31% (260.30 MWe) in the Black Sea Region, and some 5% (46.20 MWe) in the Marmara Region. Taking different seasonal changes and hydrological conditions of different regions into account, this regional diversity is an advantage for Aydem Renewables when it comes to maintaining total electricity generated from HPPs at fixed levels throughout the year.

Aydem Renewables contributes to Türkiye's clean energy transformation with three WPPs that have a total installed power of 160.50 MWe and an annual generation capacity of 540 GWh/year in the provinces of Aydın, Uşak, and Yalova. The company has started the installation works for 17 turbines, corresponding to 102 MWe of the 136 MWe capacity increase planned to be made at the Uşak WPP facility in 2022, and the new capacity will be put into use gradually in the first quarter of 2023. In addition, the installation works of the largest Hybrid SPP (82.15 MWp) project of our country have been completed at the Uşak WPP facility. The Ministry Approval has been granted for the 82.15 MWm hybrid solar power plant in Uşak WPP, as

of February 23, 2023. During the year, a capacity increase of 12 MWe was requested separately for Söke and Yalova WPPs, each.

As part of the existing Supply License for Aydem Renewables' wholly owned subsidiary Sarı Perakende Enerji Satış ve Ticaret A.Ş., a standalone storage plant application for 1,400 MW was submitted to EMRA which approved it. Subject to the legislation published on November 19, 2022, in the Official Gazette with regards to the connection assessments received from TEİAŞ for standalone storage plants, a preliminary license application for a total capacity of 500 MW -- 400 MW for SPP and 100 MW for WPP -- was submitted.

Investment planning has been made for the WPP capacity increase (114 MWe) and Hybrid SPP (82.15 MWp) projects in 2023, and the commissioning of the project with a power of 196.15 MW is planned. (The hybrid solar power plant with a power of 82.15 MWm, the installation of which has been completed at the Uşak WPP, was approved by the Ministry on 23.02.2023.)

Aydem Renewables portfolio also includes Kızıldere GPP Power Plant with an installed capacity of 6.85 MWe in Denizli.

Aydem Renewables has been included in the global leaders list, which is accessible only to a select few companies worldwide, after receiving an "A Leadership Level" in the Water Security and Climate Change Survey carried out by the Carbon Disclosure Project (CDP).

As part of emissions trading, the Company put into service certificates equivalent to a total of more than 628,928 MWh of electricity (VCS, I-REC) in 2022 and earned approximately 4.5 million Turkish Liras in additional revenue within this scope.

To increase environmental awareness in all businesses, 1,422.25 person/hours of environmental training was provided in 2022. As a result, the total amount of waste generated per person decreased by 13.3% compared to the previous year.

As part of biodiversity, a total of 50 Bat Houses were installed at Kemer and Dalaman HPPs, and monitoring activities have been initiated. Monitoring studies of the regional fauna have been initiated at Gökteş HPP following the installation of 5 camera traps. As part of the Beekeeping Project, training sessions were organized by specialized institutions for local people living in the Söke WPP region and engaged in beekeeping to increase the effectiveness of beekeeping activities.

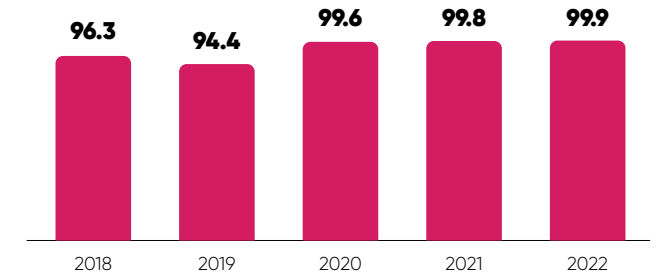
In the context of Occupational Health and Safety activities, a total of 22,360 person\*hours of training were provided in 2022, encompassing fundamental principles of occupational health and safety, working at heights, as well as emergency and fire safety. All annual periodic inspections have been completed, and emergency drills have been conducted. No lost-time accidents occurred in 2022.

In the scope of energy efficiency, the "Lighting System Revision Project" has been implemented across all businesses, enabling the provision of lighting fixtures with higher energy efficiency instead of the current ones. As a result of the implementation of our energy management and efficiency projects, an energy saving of 19,577 MWh per year has been achieved.

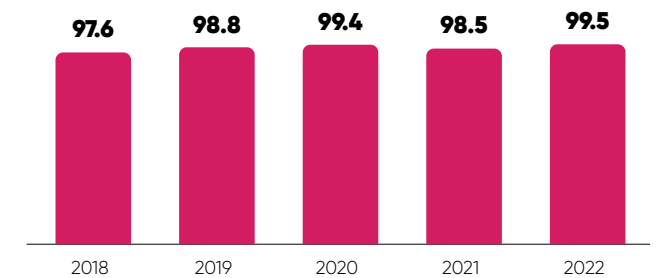
In line with the goal of "Empowering Women and Girls" indicated in Article 5 of the United Nations Sustainable Development Goals (SDGs) on Gender Equality, a total of 20 female interns were employed within the 2022 internship programs. With a perfect participation rate of 100% and a score of 80 in the Trust Index Survey conducted for the year 2022, the Company has been recertified as a "Great Place to Work".

Communication points have been designated in the regions where the power plants are located to facilitate effective, uninterrupted, and healthy communication with internal and external stakeholders where complaints can be addressed. In 2022, no valid complaints were recorded from the local communities due to the Company's activities. In the residential areas where the power plants operate, support activities have been carried out for education, fire-fighting equipment, natural habitat projects, healthcare centers, and agricultural development.

### Hydroelectric Availability Rate (%)



### Wind Availability Rate (%)



### Aydem Renewables Generation Portfolio

Project Name	Installed Power (MWe)	Source	Annual Generation (GWh)	Location	License Expiry Date	YEKDEM Expiry Date
Bereket 1-2 HPP	3.15	Hydroelectric	12.0	Denizli/Honaz	11/18/2036	
Dalaman HPP 1-2-3-4-5	37.50	Hydroelectric	179.0	Muğla/Dalaman	11/18/2039	
Feslek HPP	8.84	Hydroelectric	41.2	Aydın/Kurtuluş	11/18/2044	
Mentaş HPP	49.60	Hydroelectric	178.7	Adana/İmamoğlu	11/18/2053	
Gökyar HPP	10.95	Hydroelectric	43.3	Muğla/Dalaman	12/14/2044	
Koyulhisar HPP	63.00	Hydroelectric	337.3	Sivas/Koyulhisar	2/10/2045	
Düzce Aksu HPP	46.20	Hydroelectric	141.4	Düzce/Gölyaka	9/21/2055	12/31/2024
Adigüzel HPP	62.00	Hydroelectric	280.0	Denizli/Güney	5/5/2066	
Kemer HPP	48.00	Hydroelectric	62.0	Aydın/Bozdoğan	5/5/2066	
Akıncı HPP**	99.00	Hydroelectric	448.2	Tokat/Reşadiye	4/12/2056	12/31/2028
Toros HPP	4999	Hydroelectric	208.6	Adana/Karaisalı	1/18/2056	12/31/2023
Gökteş 1-2 HPP**	275.60	Hydroelectric	1117.7	Adana/Kozan, Aladağ	12/14/2055	12/31/2025
Çırakdamı HPP	49.10	Hydroelectric	140.0	Giresun/Dereli	9/14/2053	12/31/2023
Dereli HPP	49.20	Hydroelectric	157.5	Giresun/Dereli	12/6/2053	12/31/2024
Uşak WPP**	61.50	Wind	215.3	Uşak/Banaz	7/8/2057	12/31/2024
Yalova WPP	54.00	Wind	155.0	Yalova/Armutlu	7/8/2057	12/31/2026
Söke WPP	45.00	Wind	215.3	Aydın/Söke	1/4/2061	12/31/2026
Kızıldere GPP	6.85	Geothermal	38.0	Denizli/Sarayköy	7/17/2052	

\* The generation license of the Kumkısıç LFG plant ended on June 16, 2022, under the contract between the Company and Denizli Metropolitan Municipality. Accordingly, the plant was handed over to the Municipality on the contract end date.

\*\* Considering the recent price increase in spot prices, our company has decided to exclude Uşak WPP, Gökteş 1-2 HPP and Akıncı HPP from the YEKDEM application for 2023, with the right to be included again as of 2024.



## FIELDS OF OPERATION AND INVESTMENTS

### Mentaş HPP has four vertical Kaplan turbines

#### Hydroelectric Power Plants

##### ADANA



##### Göktaş 1-2 HPP

Göktaş 1-2 Hydroelectric Power Plants are installed on the Zamanti tributary of the Seyhan River in Adana's Kozan and Aladağ districts. They have 275.6 MWe installed power and an average energy generation of 1.18 billion kWh. Göktaş 2 became operational in 2015; Göktaş 1 became operational in 2016. The designed flow rate of the project was calculated as 108 m<sup>3</sup>/h.

There are a total of 4 vertical Francis turbines at Göktaş plants. Göktaş 1 has two vertical Francis turbines, each with a power of 61.10 MWe. Göktaş 2 has two vertical Francis turbines, each with a power of 76.70 MWe.

Installed Power: 275.60 MWe  
 Annual Energy Generation: 1,117.66 GWh  
 License Date: 26.11.2020  
 License Term: 35 years, 18 days  
 Number of Employees: 39



##### Mentaş HPP

Mentaş Hydroelectric Power Plant is installed on the Seyhan River in Adana's İmamoğlu district. Its installed power is 49.6 MWe, and the average annual energy generation is 179 million kWh. The plant was commissioned in 2006. The designed flow rate of the project was calculated as 300 m<sup>3</sup>/h.

Mentaş HPP has four vertical Kaplan turbines, three of them with a generation power of 13.30 MWe and one with a power of 9.60 MWe.

Installed Power: 49.60 MWe  
 Annual Energy Generation: 178.73 GWh  
 License Date: 18.11.2004  
 License Term: 49 years  
 Number of Employees: 25



##### Toros HPP

Toros Hydroelectric Power Plant is installed on the Çakıt River in Adana. Its installed power is 49.99 MWe, and the average annual energy generation is 208.6 million kWh. The plant was commissioned in 2013. The designed flow rate of the project was calculated as 15.38 m<sup>3</sup>/h.

At Toros HPP, there are two vertical Pelton turbines each with a power of 24.99 MWe.

Installed Power: 49.99 MWe  
 Annual Energy Generation: 208.6 GWh  
 License Date: 18.01.2007  
 License Term: 49 years  
 Number of Employees: 27

##### AYDIN



##### Kemer HPP

It is installed on the Akçay Creek in Aydın's Bozdoğan district. Publicly owned and operated by Electricity Generation Company (EÜAŞ), Kemer Hydroelectric Power Plant was taken over by Aydem Renewables through privatization in 2017. It has a total installed power of 48 MWe with an average energy generation of 62 million kWh per annum. The designed flow rate of the project was calculated as 61.74 m<sup>3</sup>/h.

At Kemer HPP, there are three vertical Francis turbines each with a power of 16 MWe.

Installed Power: 48 MWe  
 Annual Energy Generation: 62 GWh  
 License Date: 30.01.2020  
 License Term: 46 years, 3 months, 5 days  
 Number of Employees: 17



##### Feslek HPP

It is installed on the Büyük Menderes River within the Nazilli district of Aydın. It has a total power of 8.84 MWe with an average energy generation of 41.3 million kWh per annum. The plant became operational in 2004. The designed flow rate of the project was calculated as 40 m<sup>3</sup>/h.

At Feslek HPP, there are two horizontal Kaplan turbines each with a power of 4.42 MWe.

Installed Power: 8.84 MWe  
 Annual Energy Generation: 41.3 GWh  
 License Date: 18.11.2004  
 License Term: 40 years  
 Number of Employees: 15



## FIELDS OF OPERATION AND INVESTMENTS

At Adıgüzel HPP, there are two vertical Francis turbines.

### Hydroelectric Power Plants

#### DENİZLİ



##### Bereket 1-2 HPP

The first private sector plant to be installed in Türkiye, Bereket 1 and 2 Hydroelectric Power Plants are installed on the Bereket Irrigation Canal which is fed by Çürüksu – a tributary of Büyük Menderes River – and is 5 km from central Denizli. The total installed power is 3.15 MWe with an average energy generation of 12 million kWh per annum. Plants became operational in 1997. The designed flow rate of the project was calculated as 5.75 m<sup>3</sup>/h.

There are a total of 4 horizontal Francis turbines at Bereket plants. Bereket I has two turbines, each with a power of 770 kWe. Bereket II has two horizontal turbines, each with a power of 805 kWe.



Installed Power: 3.15 MWe  
Annual Energy Generation: 12 GWh  
License Date: 18.11.2004  
License Term: 32 years  
Number of Employees: 21



##### Adıgüzel HPP

Adıgüzel Hydroelectric Power Plant is located on Büyük Menderes River in the Güney district of Denizli Province. Its installed power is 62 MWe, and the average annual energy generation is 280 million kWh. The power plant was commissioned in 1993 and became part of Aydem Renewables in 2017. The designed flow rate of the project was calculated as 66 m<sup>3</sup>/h.

At Adıgüzel HPP, there are two vertical Francis turbines each with a power of 31 MWe.



Installed Power: 62 MWe  
Annual Energy Generation: 280 GWh  
License Date: 30.01.2020  
License Term: 46 years, 3 months, 5 days  
Number of Employees: 16

#### DÜZCE



##### Düzce Aksu HPP

It is located on Aksu Creek within the borders of Düzce Province. It has a total installed power of 46.20 MWe with an average energy generation of 141.4 million kWh per annum. The plant became operational in 2014. The designed flow rate of the project was calculated as 8 m<sup>3</sup>/h.

At Düzce Aksu HPP, there are two vertical Pelton turbines each with a power of 23.10 MWe.



Installed Power: 46.20 MWe  
Annual Energy Generation: 141.4 GWh  
License Date: 24.10.2019  
License Term: 35 years, 10 months, 28 days  
Number of Employees: 16

#### GİRESUN



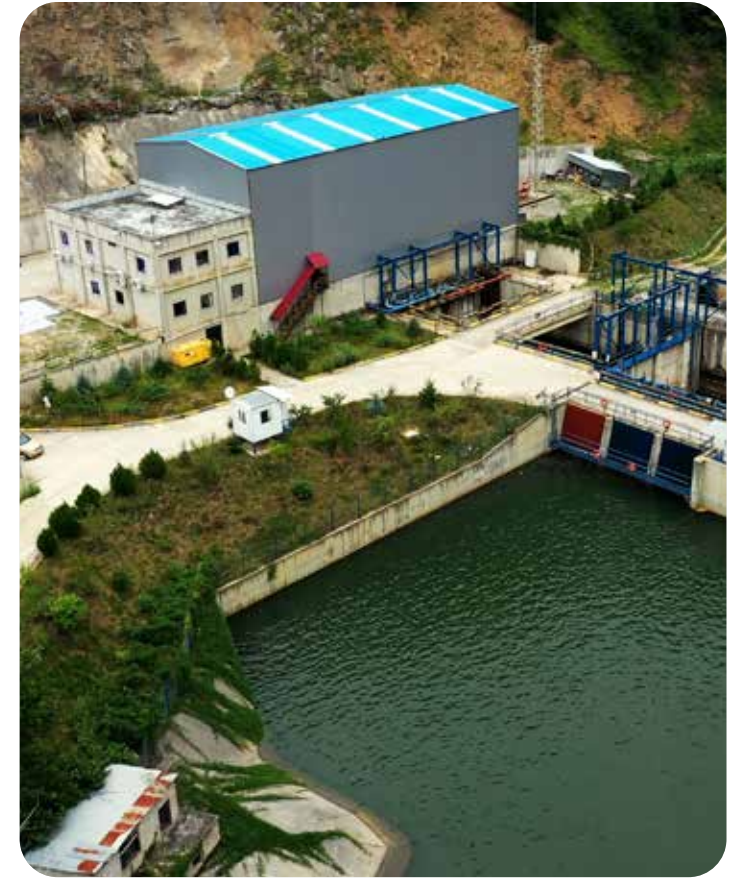
##### Çırakdamı HPP

Çırakdamı Hydroelectric Power Plant is located on the Aksu River in the Dereli District of Giresun Province. Its installed power is 49.10 MWe, and the average annual energy generation is 140 million kWh. The plant was commissioned in 2012. The designed flow rate of the project was calculated as 27.50 m<sup>3</sup>/h.

At Çırakdamı HPP, there are two vertical Francis turbines each with a power of 24.55 MWe.



Installed Power: 49.10 MWe  
Annual Energy Generation: 140 GWh  
License Date: 14.09.2004  
License Term: 49 years  
Number of Employees: 13



##### Dereli HPP

Dereli Hydroelectric Power Plant is located on the Aksu River in the Dereli District of Giresun Province. Its installed power is 49.2 MWe, and the average annual energy generation is 157.5 million kWh. The plant was commissioned in 2014. The designed flow rate of the project was calculated as 21 m<sup>3</sup>/h.

At Dereli HPP, there are two vertical Francis turbines each with a power of 24.60 MWe.



Installed Power: 49.20 MWe  
Annual Energy Generation: 157.5 GWh  
License Date: 06.12.2004  
License Term: 49 years  
Number of Employees: 17



## FIELDS OF OPERATION AND INVESTMENTS

In Dalaman 1-5 HPP, there are a total of 15 horizontal Kaplan turbines.

### Hydroelectric Power Plants

#### MUĞLA



##### Dalaman 1-2-3-4-5 HPP

Dalaman 1-5 Hydroelectric Power Plants are located on Dalaman Creek within the borders of Muğla Province. It consists of 5 power plants of equal power each. The average annual energy generation of power plants with a total installed power of 37.5 MWe is 179.1 million kWh. The power plants were put into operation between 1999 and 2005. The designed flow rate of the project was calculated as 64.5 m<sup>3</sup>/h.

In Dalaman 1-5 HPP, there are a total of 15 horizontal Kaplan turbines, 3 of which are 2.5 MWe in each power plant.

##### Gökyar HPP

Gökyar Hydroelectric Power Plant is built on the Dalaman Creek, which originates in Denizli and Burdur provinces and flows into the sea within the borders of Muğla province. The power plant has a total power of 10.95 MWe and has an average annual generation of 43.4 million kWh. The designed flow rate of the project was calculated as 66 m<sup>3</sup>/h.

At Gökyar HPP, there are three vertical Kaplan turbines each with a power of 3.65 MWe.

Installed Power: 37.50 MWe  
Annual Energy Generation: 179.1 GWh  
License Date: 18.11.2004  
License Term: 35 years  
Number of Employees: 61



Installed Power: 10.95 MWe  
Annual Energy Generation: 43.4 GWh  
License Date: 18.12.2004  
License Term: 40 years  
Number of Employees: 21



#### SİVAS



##### Koyulhisar HPP

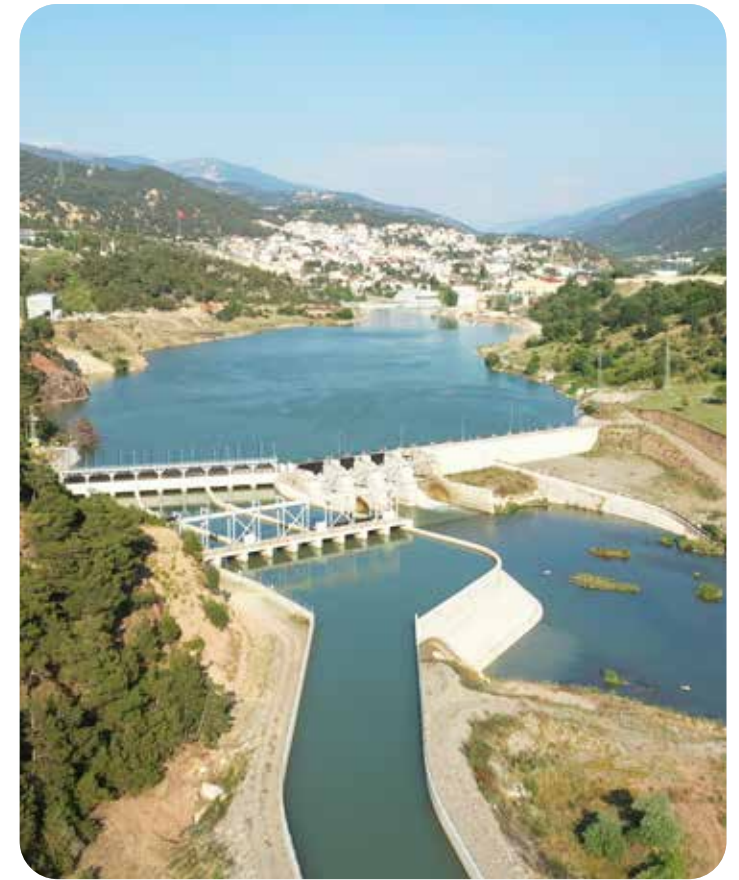
Koyulhisar Hydroelectric Power Plant is located on the Kelkit Stream in the Koyulhisar District of Sivas Province. It has an installed power of 63 MWe and an average energy generation of 337.3 million kWh per annum. The power plant has been in operation since 2009. The designed flow rate of the project was calculated as 84 m<sup>3</sup>/h.

At Koyulhisar HPP, there are three vertical Francis turbines each with a power of 21 MWe.

Installed Power: 63 MWe  
Annual Energy Generation: 337.3 GWh  
License Date: 10.02.2005  
License Term: 40 years  
Number of Employees: 34



#### TOKAT



##### Akıncı HPP

Akıncı Hydroelectric Power Plant is located on the Kelkit River, which runs through the borders of the Reşadiye and Niksar districts of Tokat province. Its installed power is 99 MWe, and the average annual energy generation is 448.2 million kWh. The plant became operational in 2018. The designed flow rate of the project was calculated as 105 m<sup>3</sup>/h.

At Akıncı HPP, there are three vertical Francis turbines each with a power of 33 MWe.

Installed Power: 99 MWe  
Annual Energy Generation: 448.2 GWh  
License Date: 24.10.2019  
License Term: 36 years, 5 months, 19 days  
Number of Employees: 18





## FIELDS OF OPERATION AND INVESTMENTS

### Wind Power Plants

#### AYDIN



##### Söke WPP

Söke WPP investment, which is established on the borders of Aydın province and Söke district, was started in 2014. The total installed power of the Söke Wind Power Plant, consisting of 15 turbines, is 45 MWe, and its average annual power generation is 175 million kWh. The plant became operational in 2015. There are 15 Vestas brand V-112-3.3 type turbines with a power of 3 MWe each at Söke WPP. In line with the Board Decision of the Energy Market Regulatory Authority, dated 12 May 2022 and numbered 10971, power plants were allowed to generate above their license power. Accordingly, the necessary compliance was obtained for Söke WPP on 06.06.2022 and Söke WPP has been operating as 51.75MWm / 51.75 MWe. The generation permit on license power has been extended by EMRA until March 2023 and it will be operated as 51.75MWm / 51.75 MWe until this date.

Söke WPP is one of the leading projects in Türkiye in terms of wind potential. Its generation varies according to the years and seasons and it operates with an average annual capacity factor of 175 GWh and a capacity factor of 42%. The administrative, switchgear, and electrical management of the power plant is carried out within the Company. On the turbine side, a full-scale maintenance & repair contract has been concluded with the relevant turbine company. The works carried out are also supervised by Aydem Renewables teams. With an average availability of over 99.5%, Söke WPP renewed its 2021 generation record of 177 GWh it set in 2016. Söke WPP 2022 availability rate is 99.43%.

Installed Power: 45 MWe  
Annual Energy Generation: 175 GWh  
License Date: 24.10.2019  
License Term: 41 years, 2 months, 11 days  
Number of Employees: 13



#### UŞAK



##### Uşak WPP

The investment of Uşak WPP, which is established within the boundaries of Banaz district of Uşak province, was started in 2012. In the plant, which consists of 41 turbines; 36 turbines of Sinovel brand SL1500/89 type with 54 MWe power were commissioned in 2014, 4 turbines of Sinovel brand SL1500/90 type with 6 MWe power were commissioned in 2020, and 1 turbine of Sinovel brand SL1500/90 type with 1.5 MWe power was commissioned in 2021. As a supplementary source to the Uşak WPP operation, the installation of solar panels with a power of 82.15 MW has been completed and the power plant became hybrid. (The Ministry Approval has been granted for the 82.15 MWm hybrid solar power plant in Uşak WPP, as of February 23, 2023. )The Ministry's temporary acceptance procedures for the additionally installed Solar Panels are continuing.

At the same time, road construction, filling and turbine foundation installation works are carried out within the scope of the WPP power increase project.

The total installed power at Uşak WPP is 61.5 MWe, and the annual average energy generation is 210 million kWh.

The Uşak WPP generation varies according to the years and seasons and operates with an average annual capacity factor of 130 GWh and a capacity factor of 24%. The administrative, switchgear, and electrical management of the power plant are carried out within the Company. On the turbine side, maintenance & repair is carried out on the Hybrid model by a team including Aydem Renewables employees together with the relevant turbine company. Thanks to the planned and predictive maintenance carried out, Uşak WPP reached its highest production value in 2022 since the year it was put into operation, and its operational period availability value is 99.78%.

Installed Power: 61.50 MWe  
Annual Energy Generation: 210 GWh  
License Date: 24.10.2019  
License Term: 37 years, 8 months, 14 days  
Number of Employees: 20



#### YALOVA



##### Yalova WPP

Yalova WPP investment, which is established within the borders of Armutlu district, Yalova province, was started in 2014. At the Yalova WPP, which consists of 36 wind turbines; 36 MWe Sinovel brand SL 1500/89 type 24 turbines were commissioned in 2016, 18 MWe Sinovel brand SL 1500/82 type 12 turbines were commissioned in 2017.

The average annual energy generation of the power plant with a total installed power of 54 MWe is 155 million kWh.

The Yalova WPP generation varies according to the years and seasons and operates with an average annual capacity factor of 140 GWh and a capacity factor of 30%. The administrative, switchgear, and electrical management of the power plant is carried out within the Company. On the turbine side, maintenance & repair is carried out on the Hybrid model by a team including Aydem Renewables employees together with the relevant turbine company. Thanks to the planned and predictive maintenances carried out, Yalova SPP, reached its highest production value (152 GWh) in 2022 since the year it was put into operation, and its availability value is 99.22%.

Installed Power: 54 MWe  
Annual Energy Generation: 155 GWh  
License Date: 24.10.2019  
License Term: 37 years, 8 months, 14 days  
Number of Employees: 18



The average annual energy generation of Yalova WPP with a total installed power of 54 MWe is 155 million kWh.



## FIELDS OF OPERATION AND INVESTMENTS

### Geothermal Power Plant

#### DENİZLİ



#### Kızıldereli GPP

The Kızıldereli Geothermal Power Plant, which was built in the Sarayköy District of Denizli Province and of which the investment started in 2006, was commissioned on January 4, 2008. Its installed power is 6.85 MWe, and the average annual energy generation is 38 million kWh. The power plant, which was commissioned in 2008, has 2 Pentane-type turbines.

The power plant, whose geothermal resource is provided by another company, has been active in production for certain periods and is currently inactive due to a lack of resources. During this process, Kızıldereli GPP provides a hot water source to Sarayköy Heat Center, which is also within the body of the Company. With Sarayköy Heat Center, the equivalent of 5,000 residences (approximately 65% of Sarayköy) is heated.

Installed Power: 6.85 MWe  
Annual Energy Generation: 38 GWh  
License Date: 07.11.2019  
License Term: 32 years, 8 months, 10 days  
Number of Employees: 25



### Biogas Power Plant

#### DENİZLİ



#### Kumkısıkkı LFG

The generation license of the Kumkısıkkı LFG plant ended on June 16, 2022, under the contract between the Company and Denizli Metropolitan Municipality. Accordingly, the plant was handed over to the Municipality on the contract end date.

Installed Power: 0.64 MWe  
Annual Energy Generation: 5.1 GWh  
License Date: 27.10.2010  
License Term: 11 years, 7 months, 21 days



Uşak Wind Power Plant Auxiliary Source Solar Power Plant



## FIELDS OF OPERATION AND INVESTMENTS

Investment opportunities in hybrid energy generation will help the Company to diversify its generation portfolio.

### Investments

Aydem Renewables' planned investments include wind power plants, hydroelectric power plants, solar power plants featuring hybrid generation, as well as wind power plants to be deployed via capacity increase. Through these investments, the Company plans to deploy 196.15 MW of installed capacity by the end of 2023. An 82 MW section of this investment (Uşak WPP Hybrid SPP) was installed in 2022 while the remaining 114 MW is slated for completion within 2023. As for the breakdown of energy sources, 82.15 MW of 196.15 MW will be aimed at hybrid solar investments and 114 MW at wind capacity increases. The estimated cost of planned investments is approximately USD 270 million. USD 147 million of the investment amount is allocated for hybrid investments and the remaining USD 123 million is for capacity increase projects. The plan is to finance these investments with the amount remaining from the Eurobond issue and the Company's internal resources generated with operational revenues. Once investments are finalized, generation, as well as portfolio diversification, will increase thanks to installed and improved capacity.

A total of USD 96 million spent as of the year-end 2022 corresponds to 36% of the projected total investment amount. This stands for 42% and 27% for hybrid investments and capacity increase investments. When planned investments are complete, the Company's installed capacity -- which is currently 1,019.48 MW -- will reach 1,215.63 MW with a 20% increase.

Aydem Renewables focused on the preparations to realize the electrical capacity increases planned for WPPs through hybrid energy generation projects in 2022, and the planning and execution of processes such as Environmental Impact Assessment (EIA), licensing, and zoning.

During the reporting period, the EIA process for a capacity increase of 52.8 MWe planned for Uşak WPP in 2021 was finalized, with Aydem Renewables' existing licensed capacity reaching 114.30 MWe. Installation of the 82.15 MWm hybrid solar power plant, has been completed in Uşak WPP, and the Ministry Approval has been granted as of February 23, 2023.

The total investment projected by the end of 2025 is 949,35 MW (289.35 MW Hybrid SPP, 160 MW capacity increase WPP, and 500 MW energy generation facility with storage). They will be aimed at Hybrid SPP investments, WPP capacity increases, and storage systems.

The details regarding these planned investments, which will be financed solely from the Company's internal resources and through cash flows derived from operations, are given below:

#### Hybrid Power Plant Investments

Investment opportunities in hybrid energy generation will help the Company to increase its total capacity factor and efficiency and diversify its generation portfolio. These hybrid opportunities are intended to be financed through the incomes generated from green bond issuance and the cash flows generated from operations.

Permission rates for hybrid projects; Uşak WPP-1 Hybrid SPP: 90%, Yalova WPP Hybrid SPP: 50%, Söke WPP Hybrid SPP: 50%, and Feslek HPP Hybrid SPP: 70%. A total investment cost of USD 90.5 million is foreseen for hybrid projects.

Hybrid Projects: Uşak WPP Hybrid SPP, Söke WPP Hybrid SPP, Yalova WPP Hybrid SPP, Akıncı HPP Hybrid SPP, Koyulhisar HPP Hybrid SPP, Uşak WPP Hybrid SPP-2, Uşak WPP Hybrid SPP-3, Uşak WPP Hybrid SPP-4, Feslek HPP Hybrid Canal SPP, Dalaman HPP Hybrid Floating SPP, Adıgüzel HPP Hybrid Floating SPP and Göktaş HPP Hybrid Floating SPP

### Hybrid Power Plants

#### Onshore SPP



As communicated with EMRA's letter dated January 7, 2022, a permit was obtained to convert the Uşak WPP's generation license (dated October 24, 2019, with no. EÜ/8909-9/04345) into a multiple-source power generation plant as further described in the Authority's decision dated December 30, 2021, numbered 10668-16. This was the result of the installation of an SPP with an installed capacity of 82.15 MWm. On April 4, 2022, a Positive EIA Certificate was issued as per the EIA regulation for the SPP of 82.15 MW as an additional source. Once all other obligations were completed, the installed capacity was raised to 196.45 MWm/114.3 MWe and thus the license was expanded upon EMRA Electricity Department's approval dated April 16, 2022, with no. 426011. Installation of the 82.15 MWm hybrid solar power plant, has been completed in Uşak WPP, and the Ministry Approval has been granted as of February 23, 2023.

Investment name: **Uşak-1 WPP Hybrid SPP (82.15 MWp)**  
Investment Type: **Onshore SPP**  
Start Date: **2022 Mid Q2**  
End Date: **2023 Mid Q1**  
Benefits for the Company: **164 GWh/year**



EMRA's Board Resolution No. 10668-16, dated December 30, 2021, granted permission for the installation of an SPP with an installed power of 18.8765 MWm into the facility subject to the generation license numbered EÜ/8909-9/04344 and dated October 24, 2019, given for the Yalova WPP. With this permission, the license of the plant, which will increase its installed power to 72,8765 MWm/54 MWe, was also approved as of January 7, 2022, for conversion into a multi-source electricity generation plant. This will be added to the existing license after the decision to be taken within the scope of the Environmental Impact Assessment (EIA) Regulation and other obligations of the Company.

Investment name: **Yalova WPP Hybrid SPP (18.9 MWp)**  
Investment Type: **Onshore SPP**  
Start Date: **2024 Beginning Q2**  
End Date: **2024 End Q2**  
Benefits for the Company: **26 GWh/year**



As communicated in EMRA's letter dated March 23, 2022, a permit was obtained to convert the Söke WPP generation license (dated 24 October 2019 with no EÜ/8909-11/04346) into a multiple-source power generation plant as per the Authority's decision passed on March 17, 2022, with no. 10848-14. This was the result of the installation of an SPP with an installed capacity of 16.95 MW. The EIA process as required by the EIA regulation was completed, with a document pending issuance for the SPP as an additional source. After the EIA document is issued, the generation license will be expanded as a multiple-source power generation plant since all other obligations have already been met.

Investment name: **Söke WPP Hybrid SPP (17 MWp)**  
Investment Type: **Onshore SPP**  
Start Date: **2024 End Q1**  
End Date: **2024 End Q2**  
Benefits for the Company: **31 GWh/year**

## FIELDS OF OPERATION AND INVESTMENTS

With the installation of an SPP with an installed capacity of 12.09 MW, a permit was obtained to convert Akıncı HPP's generation license into a multiple-source generation plant.



The realization of the capacity increase of the Uşak WPP in the Aydem Renewables portfolio will pave the way for the establishment of a 17.85 MWp Hybrid SPP, in addition to the Uşak-1 WPP Hybrid SPP (82.15 MWp) project. Thus, the Uşak WPP Hybrid SPP project will increase to 100 MWp installed power.



Official procedures will begin after Uşak's capacity is increased.



Official procedures will begin after Uşak's capacity is increased.



As communicated in EMRA's letter dated August 24, 2022, a permit was obtained to convert Akıncı HPP's generation license into a multiple-source generation plant as per the Authority's decision passed on August 4, 2022, with no. 11096-14. This was the result of the installation of an SPP with an installed capacity of 12.09 MW. The EIA process for the SPP as an additional source as required by the EIA regulation has been initiated and is ongoing. After the EIA, the generation license will be expanded as a multiple-source power generation plant.



Capacity has been allocated to convert the Koyulhisar HPP generation license into a multiple-source power generation license after the construction of an SPP with an installed capacity of 7.69 MW. EMRA and EIA processes are ongoing. Once the EIA process is complete, the generation license will be expanded as a multiple-source power generation plant.

### SPP on Water Transmission Canal



Approval has been obtained for Feslek HPP 0.34 MW hybrid SPP project as per EMRA's decision no. 11115-14 dated 11/08/2022. EIA, water surface rental procedures as required by State Water Works, as well as other obligations of the Company, have been met in a timely fashion. As per EMRA's decision on November 1, 2022, with no. 556422, license expansion was approved.

Investment name:  
**Uşak-2 WPP Hybrid SPP (17.9 MWp)**  
Investment Type:  
**Onshore SPP**  
Start Date: **2024 End Q2**  
End Date: **2024 End Q3**  
Benefits for the Company:  
**36 GWh/year**

Investment name:  
**Uşak-3 WPP Hybrid SPP (68.3 MWp)**  
Investment Type:  
**Onshore SPP**  
Start Date: **2025 Mid Q3**  
End Date: **2025 End Q4**  
Benefits for the Company:  
**144 GWh/year**

Investment name:  
**Uşak-4 WPP Hybrid SPP (34 MWp)**  
Investment Type:  
**Onshore SPP**  
Start Date: **2025 End Q3**  
End Date: **2025 End Q4**  
Benefits for the Company:  
**72 GWh/year**

Investment name:  
**Akıncı HPP Hybrid SPP (12.1 MWp)**  
Investment Type:  
**Onshore SPP**  
Start Date: **2024 End Q1**  
End Date: **2024 End Q2**  
Benefits for the Company:  
**19 GWh/year**

Investment name:  
**Koyulhisar HPP Hybrid SPP (7.7 MWp)**  
Investment Type:  
**Onshore SPP**  
Start Date: **2024 End Q1**  
End Date: **2024 End Q2**  
Benefits for the Company:  
**12 GWh/year**

Investment name:  
**Feslek HPP Hybrid Canal SPP (0.3 MWp)**  
Investment Type:  
**SPP on Water Transmission Canal**  
Start Date: **2024 Beginning Q1**  
End Date: **2024 End Q1**  
Benefits for the Company:  
**1 GWh/year**



## FIELDS OF OPERATION AND INVESTMENTS

Capacity has been allocated to convert the Adigüzel HPP generation license into a multiple-source power generation license after the construction of a Floating SPP with an installed capacity of 24.1 MW

Aydem Renewables has completed its electrical capacity increase obligations for 2022, and aims to realize an additional capacity increase of 114 MWe in 2023.

### Floating SPP



Capacity has been allocated to convert the Dalaman HPP generation license into a multiple-source power generation license after the construction of a Floating SPP with an installed capacity of 1.44 MW. EMRA and EIA processes are ongoing. Once the EIA process is complete, the generation license will be expanded as a multiple-source power generation plant.

Capacity has been allocated to convert the Adigüzel HPP generation license into a multiple-source power generation license after the construction of a Floating SPP with an installed capacity of 24.1 MW. EMRA and EIA processes are ongoing. Once the EIA process is complete, the generation license will be expanded as a multiple-source power generation plant.

Capacity has been allocated to convert the Gökteş HPP generation license into a multiple-source power generation license after the construction of a Floating SPP with an installed capacity of 5.56 MW. State Water Works, EMRA and EIA processes are ongoing. Once permits are obtained, the generation license will be expanded as a multiple-source power generation plant.

### Capacity Increases

#### WPP

The company's total installed power comprises 84% of hydropower plants and 16% of wind power plants. During the dry periods, the energy generation obtained at hydroelectric power plants decreases, and the annual energy generation targets are not reached during these periods. With these capacity-increase projects detailed below, the ratio of WPPs to the total capacity of the Company will increase to 24%. During periods when the rainfall is low, due to increased energy generation diversity, the increased energy generation of WPPs will contribute to the achievement of the Company's goals.



Uşak Wind Power Plant (WPP) Plant, which is in the Aydem Renewables portfolio, has completed its electrical capacity increase obligations of 52.8 MWe, which was approved by EMRA with the Directorate approval dated October 4, 2021, and numbered 266050, and license power is added to the license as 114.30 MWe/114.30 MWm. Under other capacity increase projects, an EIA process along with the EMRA process has begun for 54 MW and it is currently underway. Technical interaction analysis (TEA) approval has been obtained for 54 MW. Raising the 52.8 MW capacity, which was added onto the existing license in 2021, to 66 MW has also been completed as a process before EMRA. After TEA and EIA, license expansion procedures before EMRA will be completed.

An EMRA process has been initiated for 12 MW at Yalova WPP (two 6 MW turbines) and capacity allocation was obtained. The EIA process of the project was completed with an out-of-scope decision, and TEA approval was obtained. License expansion before EMRA is expected.

Investment name:  
**Dalaman HPP Hybrid Floating SPP (1.4 MWp)**  
Investment Type:  
**Floating SPP**  
Start Date: **2024 Beginning Q3**  
End Date: **2023 End Q3**  
Benefits for the Company:  
**2 GWh/year**

Investment name:  
**Adigüzel HPP Hybrid Floating SPP (24.1 MWp)**  
Investment Type:  
**Floating SPP**  
Start Date: **2024 End Q1**  
End Date: **2024 End Q4**  
Benefits for the Company:  
**36 GWh/year**

Investment name:  
**Gökteş HPP Hybrid Floating SPP (5.6 MWp)**  
Investment Type:  
**Floating SPP**  
Start Date: **2024 Beginning Q2**  
End Date: **2024 End Q4**  
Benefits for the Company:  
**8 GWh/year**

Investment name:  
**Uşak WPP Capacity Increase**  
Planned Power Increase:  
**102 MWe**  
Start Date: **2022 Beginning Q4**  
End Date: **2023 End Q2**

Investment name:  
**Yalova WPP Capacity Increase**  
Planned Power Increase:  
**12 MWe**  
Start Date: **2024 Beginning Q2**  
End Date: **2024 End Q3**



## FIELDS OF OPERATION AND INVESTMENTS

Under Uşak capacity increase projects, an EIA process along with the EMRA process has been initiated for 34 MW.



An EMRA process has been initiated for 12 MW at Söke WPP (two 6 MW turbines) and capacity allocation was obtained. The EIA process of the project was completed with an out-of-scope decision, and TEA approval was obtained. Once a decision for eligibility is passed by EMRA, TEİAŞ (Turkish Electricity Transmission Corporation) contribution will be revised and license expansion completed.



Under Uşak capacity increase projects, an EIA process along with the EMRA process has been initiated for 34 MW and it is currently underway. An application was filed for TEA approval in October 2022, and it is planned to obtain in January. After TEA and EIA, license expansion procedures before EMRA will be completed.

### Storage Generation Plant Systems

#### WPP



A preliminary license application was filed before EMRA on November 19, 2022, for Kızılağaç WPP and Storage Facility with a planned installed capacity of 100 MW.

### Storage Generation Plant Systems

#### SPP



A preliminary license application was submitted before EMRA on November 19, 2022, for Keberli SPP and Storage Facility with a planned installed capacity of 200 MW.



A preliminary license application was submitted before EMRA on November 19, 2022, for Güzelkuyu SPP and Storage Facility with a planned installed capacity of 200 MW.

Investment name:  
**Söke WPP Capacity Increase**  
Planned Power Increase:  
**12 MWe**  
Start Date: **2023 Beginning Q2**  
End Date: **2023 End Q3**

Investment name:  
**Uşak WPP Capacity Increase**  
Planned Power Increase:  
**36 MWe**  
Start Date: **2024 Beginning Q2**  
End Date: **2024 End Q3**

Investment name:  
**Kızılağaç WPP and Storage Generation Plant**  
Storage Additional Plant:  
**WPP**  
Planned Power Increase:  
**100 MWe**  
Start Date: **2025 Beginning Q2**  
End Date: **2025 End Q4**

Investment name:  
**Keberli SPP and Storage Generation Plant**  
Storage Additional Plant:  
**SPP**  
Planned Power Increase:  
**200 MWe**  
Start Date: **2025 Beginning Q1**  
End Date: **2025 Mid Q4**

Investment name:  
**Güzelkuyu SPP and Storage Generation Plant**  
Storage Additional Plant:  
**SPP**  
Planned Power Increase:  
**200 MWe**  
Start Date: **2025 Beginning Q1**  
End Date: **2025 Mid Q4**



## SUSTAINABILITY APPROACH AND ORGANIZATION

Aydem Renewables has become the first and only energy company from Türkiye to attain a ranking on the CDP Water Security and Climate Change A List Report 2022 with leading companies of the world.

### Sustainability Approach

We have made creating value not only for our Company but also for the future and all of our stakeholders a priority while conducting our operations in our 27-year journey as Türkiye's pioneering renewable energy company. We are aware that the most important elements for long-term success are to move forward with a structure that respects the environment, is sensitive to our employees and society, and takes care of the needs of future generations. By the nature of our work, and beyond the goals we have set for ourselves, we are one of the biggest pioneers of clean energy transformation not only for Aydem Renewables, but for all our stakeholders and our country. At this point, we take into account our "sustainability" approach, which is integrated with our corporate strategy, our sustainable governance model, our environmental and social performance, as well as our objectives and the sustainability of the needs of future generations.

As Türkiye's pioneering and largest company generating energy from 100% renewable sources, we have had certain responsibilities from day one that propel us to "always move forward" for our country, environment, employees, and stakeholders. This is the path on which we generate Energy for Life.

We offer services for life to continue. It is with this outlook that we conduct fortification and rehabilitation activities and make investments in our plants while deriving from our young, strong, and diversified portfolio, know-how, and engineering capabilities. Thanks to this, we have reached an availability ratio -- one of the key indicators of energy generation efficiency -- of 99.6%, which is way above the sector average.

Aydem Renewables earned "A Leadership Level" score in CDP's (Carbon Disclosure Project) Water Security reporting and Climate Changereporting as well. This enabled the Company to achieve a ranking of global leaders that only a few companies can achieve. In the previous year's reporting, the Company earned "B Management Level" scores in Climate Change and Water Security programs. The Company attained the highest score "A Leadership Level" for Climate Change

and Water Security reportings this year. With these scores, Aydem Renewables was successful enough to be included in the A List Report for CDP's Water Security 2022 which only has 106 companies and CDP Climate Change A List Report which contains 295 companies from around the world. This way, it has also become the first and only energy company from Türkiye to attain a ranking on the A List Report with leading companies of the world.

As an inclusive employer, we place great emphasis on creating a safe, transparent, fair, and supportive working environment based on fundamental rights and freedoms, equal opportunity, and diversity for our employees. Women must be participating in the economy fully and at all levels for Aydem Renewables. Therefore, we are proud to be among the signatories of UN Women's Empowerment Principles, which is the broadest initiative to support this cause. With our "Equal Life" initiative, we strive to extend the internal transformation we have for gender equality to all our stakeholders within our impact area. We think domestic violence and exploitation are a matter of equality and a human rights violation. In this respect, we released our Procedure for the Fight Against Domestic Violence on November 25, International Day for the Elimination of Violence against Women to provide an equal and safe working environment that reflects our zero-tolerance approach toward all forms of violence, and where employees facing violence can talk safely and in privacy, and receive support and counseling.

By saying "We produce and work for society" and "We stand by sustainable development"; we are aware of the importance of our work these days, as the threat of climate change grows every passing day so that current and future generations can benefit fairly from the opportunities presented by development.

On this path, we always aim to carry ourselves and our society forward by increasing social awareness and continuing to work and invest for them.



We share our commitment to the 10 principles of the United Nations Global Compact, of which we are a participant, transparently on a Global level with a "Progress Report" every year.

We are always advancing further with our "Always Forward" understanding of sustainability and improving our commitments. Within this context; we present our principles in many phases of our business model from investment decisions to operations and from our governance structure to decision-making mechanism, and we make commitments in these areas.

### Priorities of Aydem Renewables

- Climate Change
- Greenhouse Gas Emissions
- Emission Trading
- Renewable Energy
- Energy Efficiency
- Ethical Business
- Corporate Governance
- Risk Management
- Transparency
- Anti-Corruption
- Disaster and Emergency Preparedness

- Occupational Health and Safety
- Safety
- Infrastructure Investments
- Contribution to the Local Economy and Employment
- Relations with Local Communities
- Inclusive Workplace, Diversity and Equality
- Talent Management
- Employee Satisfaction and Loyalty
- Sustainable Supply Chain
- Availability and Business Continuity
- Efficient Renewable Energy Supply
- Economic Performance
- Innovation
- Digital Transformation and Information Security
- Waste Management
- Circular Economy
- Biodiversity
- Soil Pollution
- Materials Consumption
- Water Efficiency
- Protection of Water Sources



## SUSTAINABILITY APPROACH AND ORGANIZATION

### Aydem Renewables was evaluated as "A" class in Synesgy Fortune 500.

#### Our Sustainability Organization

##### Sustainability, Environment, Occupational Health and Safety Committee

Aydem Renewables' Sustainability, Environment, Occupational Health and Safety Committee fulfills the duties and responsibilities imposed on it by the Articles of Association and specified in the working principles. The Committee contributes to the proactive adoption and development of a safe behavior approach, also covering environmental regulations and activities by developing a culture of sustainability, occupational health, and safety to include the employees and all business facilities of the Company. In addition, the Investment Committee, Early Detection of Risk Committee, and the Board of Directors are informed through the Committee about the preventive/remedial measures to ensure the implementation of sustainability principles, areas that can create opportunities, and operating results.

The Committee consists of one\* Board member or General Manager, Operations Director, Maintenance and Projects Director, Sustainability and HSE (Health, Safety, Environment) Manager. The Chairman of the Sustainability Working Group also participates in the committee, contributing to the agenda and recording the meeting notes. If the meeting agenda of the Committee includes items regarding stakeholder participation and social impact, the Human Resources Director and Corporate Communications Manager also participate. A member of the Board of Directors chairs the Committee.

The members of the Sustainability, Environment, Occupational Health and Safety Committee are determined by the Board. The term of office is limited to three years. The Committee members whose terms have expired may be reassigned.

With the Board of Directors' Resolution dated 6 July 2020 and numbered 2020/27, General Manager Ömer Fatih Keha, Operations Director Adnan Can, Maintenance and Projects Director Hüseyin Günlü, and Sustainability & OHS, Environment, and IMS Manager Fatih Peker have been elected to the Sustainability, Environment, Occupational Health, and Safety

Committee. With the Board of Directors' Resolution dated 30 June 2021 and numbered 2021/21, Independent Board Members Serpil Demirel, Fatma Dilek Bil, Mehmet Hayati Öztürk, and Ersin Akyüz have been elected to the Sustainability, Environment, Occupational Health, and Safety Committee. The Chairperson of the Sustainability, Environment, Occupational Health, and Safety Committee is Fatma Dilek Bil.

It is essential that the Sustainability, Environment, Occupational Health, and Safety Committee convenes every three months. In cases deemed necessary for the effectiveness of the studies, the committee more frequently convenes at the company headquarters or any other place where committee members are present. The timing of the committee meetings is in line with the timing of the Board of Directors meetings when available.

The Sustainability, Environment, Occupational Health and Safety Committee convenes with the absolute majority of its members and the resolutions are taken according to the majority of the members present at the meeting.

The Sustainability, Environment, Occupational Health and Safety Committee writes down and keeps a record of all its activities and reports to the Board of Directors by providing information on the results of the Committee's works and meetings. The Committee immediately reports in writing any findings and recommendations regarding its areas of duty and responsibility, to the Board of Directors. Minutes of committee meetings are approved by the members and kept including the resolutions.

The Company's Sustainability and HSE Manager or a member appointed by the committee or the Head of the Sustainability Working Group assumes the responsibility of the Rapporteur, reporting to the Chairman of the Committee. The Rapporteur submits the meeting agenda and related documents to committee members before the meeting. S/he ensures the participation of the people requested by the Chairperson of the Committee. S/he writes down the minutes and resolutions of the Meeting and circulates them to the relevant parties.

\* With the Board of Directors Resolution No. 2021/21 dated June 30, 2021, the number of Board Members was revised in this context in the working principles of the Committee. The term "one Board Member" was revised as "at least one Board Member."

The Secretariat of the Board is responsible for organizing the meetings and distributing the meeting minutes to the members of the Board of Directors and maintaining the resolutions in the minute book.

The Sustainability, Environment, Occupational Health and Safety Committee performs these duties, but not limited to the following:

- Conducting activities to understand the sustainability needs of stakeholders;
- Examining the work of the Sustainability Working Group, playing a guiding role in all matters, particularly in policies, activities and processes related to sustainability;
- Managing sustainability priorities, ensuring integration with strategy and tracking targets;
- Monitoring activities related to key success factors;
- Guiding the relations with internal and external stakeholders;
- Acting as a development center for different stakeholders;
- Supporting ESG principles, evaluating risk and opportunity analysis;
- Providing input to the Risk Committee by examining the risks related to sustainability;
- Monitoring OHS targets and performance due to the feedback from the OHS Board and the Life Safety Subcommittee and field personnel;
- Evaluating the planning and taking decisions for the realization of the recommendations made by the Working Group, which will ensure continuous improvement and development in environmental activities;
- Evaluation of feedback on environmental and social performance, energy consumption, waste management, environmental and social risks;
- Evaluation of KPI practices and related issues;
- Evaluation of planned management walks and audit results, as well as efforts to expand OHS culture;
- Monitoring and reporting training on OHS, environmental and social issues;
- Preventing occupational accidents and diseases, setting goals for monitoring works and performance measurement to create healthy and safe work environments, and reporting data and information provided by the relevant units to the Board Member who is the Chairperson of the Committee;
- Determining, measuring, monitoring, recording, supervising, and reporting the environmental and social risks and impact aspects of the Company's operations;
- Increasing organizational resilience through continuous improvement of OHS performance including proactive risk prevention, monthly planned safety checks, monthly management OHS walk, regulatory preventive actions, near-miss situations, unsafe situations, and behavior, and LTI.
- Sustainability report and ESG scorings.

The Board of Directors provides the Committee with all of the resources and assistance it needs to perform its duties. The Committee may invite to its meetings and ask the advice of any executive or consultant it deems necessary. The Committee may benefit from the opinions of specialists and consultants when necessary.

#### Our Integrated Management System Policy

Aydem Renewables, in line with its vision and mission, implements Integrated Management Systems (ISO 9001:2015, ISO 45001: 2018, ISO 14001: 2015, ISO 50001: 2018) to use domestic and renewable resources most efficiently. Within this scope, the following actions have been taken:

- Maintaining Integrated Management Systems most effectively,
- Managing processes with risk-based thinking,
- Working to meet the expectations of interested parties,
- Being an organization that respects the environment and is sensitive to environmental protection,
- Ensuring the effective use of its resources,
- Reducing waste, ensuring recovery, and preventing pollution,
- Taking measures that can minimize the possible harmful consequences of accidents or emergencies that may occur during their activities, by acting on the principle of zero occupational accidents and zero occupational diseases,
- Showing the utmost importance to the health, safety, and security of contractors, suppliers, and employees within their working areas,
- Encouraging all-round communication, getting the opinions of employees and ensuring their participation,
- Working to achieve continuous improvement in quality, environment, occupational health and safety, and energy efficiency performance,
- Opting for environmentally friendly and energy-efficient products and services,
- Providing information, human resources, technology, and financial resources that will ensure the continuity of the Integrated Management System,
- Becoming a learning, constantly growing, and sharing organization through continuous training activities,
- Providing the resources needed to protect biodiversity and natural ecosystem environments in our fields of activity as part of the combat against climate change,
- Implementing, developing, and continuously improving the effectiveness of Integrated Management Systems,
- Complying with the legal regulations, standards, directives and rules of the institutions to which it is affiliated, within the scope of its fields of operation.

The Company was evaluated as "A" class in Synesgy Fortune 500 by participating in the Synesgy ESG Evaluation Survey, created with the partnership of Fortune & Crif.



## SUSTAINABILITY APPROACH AND ORGANIZATION

**Aydem Renewables Green Financing Framework has been developed by Aydem Renewables, through which it can issue green bonds, loans, and/or other green financing instruments.**

### In the report, it is stated that:

#### In terms of environmental criteria;

- 100% of Aydem Renewables' power plants have certifications to ISO 14001 and ISO 50001 since February 2020,
- The company has set emission reduction targets of 30% for 2025 and 65% for 2035 and is committed to achieving the net zero target by 2050,
- The Company has also disclosed its energy efficiency and consumption plans to achieve these goals.

#### In terms of social criteria;

- The Company has announced the related targets to reduce occupational accidents, submitted reports on a strong ISO 45001 certified health and safety system, and reported positive trends in terms of accident frequency and severity rates,
- The Company has made extensive commitments and taken comprehensive measures to address non-discrimination and diversity and to ensure the integration of social standards in supply chain management.

#### In terms of governance criteria;

- Suitable commitments and sufficient internal control measures are present to prevent corruption and anti-competitive practices,
- The internal control system of the Company is robust and has been established in a way to manage significant Corporate Social Responsibility risks.

### Second Party Opinion and Aydem Renewables Green Financing Framework

Aydem Renewables Green Financing Framework has been developed by Aydem Renewables, through which it can issue green bonds, loans, and/or other green financing instruments and use the proceeds to finance and/or refinance renewable energy projects. Projects financed via green bond proceeds are likely to have a favorable environmental impact, according to Sustainalytics.

Aydem Renewables Green Financing Framework outlines a process in which proceeds will be monitored, allocated, and managed, and commitments have been made to report on the impact of the allocation and use of proceeds. Sustainalytics also believes that the framework is aligned with the Company's overall sustainability strategy and that the green use of proceeds category will contribute to the advancement of UN Sustainable Development Goal 7.

In addition, Sustainalytics believes that Aydem Renewables has adequate measures to identify, manage, and mitigate environmental and social risks commonly associated with eligible projects funded through the use of revenues.

Based on the above, Sustainalytics recognizes that Aydem Renewables is well-positioned to issue green bonds and that the Aydem Renewables Green Financing Framework is robust, transparent and in compliance with the Green Bond Principles 2021 and the four key components of the Green Credit Principles 2021.

The "Impact Monitoring Performance Indicators" that are included within the Green Financing Framework will be reported annually and shared with all stakeholders of the Company.

Aydem Renewables successfully completed the green bond issuance of USD 750 million in 2021. Thanks to the book-building period that attracted great interest from international investors, Aydem Renewables acted as a book-runner for USD 1.6 billion with the participation of 131 investors, including many long-term investors, and managed to issue the highest amount of bonds in Türkiye for the first time. This issuance is also the largest green bond issuance in Türkiye.

The sale and issuance abroad of the bond with a nominal value of USD 750 million and a maturity of 5.5 years was completed on August 2, 2021. With the amount obtained from the bond issuance, Aydem Renewables' credit debt to banks has been fully paid. The remaining amount will be used in the next 3 years in line with the Company's target of doubling its installed power.



Adigüzel Hydroelectric Power Plant – Ecologic Festival



## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

“Sustainability Principles Compliance Framework” includes the fundamental principles expected to be disclosed by publicly traded companies while conducting their Environmental, Social, and Corporate Governance (ESG) activities.

**General Information:** The company publishes details of its sustainability-related information annually in June with its Sustainability Report, and the information published in the Sustainability Report covers the data from the previous year.

	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
	YES	NO	PARTIAL	NOT APPLICABLE		
<p><b>If the compliance with the principles is determined as “Yes” or “Partial”, the report information/link regarding the information disclosed to the public should be included.</b></p> <p><b>Information on compliance with the principles are included in the “Description” column.</b></p> <p><b>The extent to which the requested information is presented as consolidated or solo should be stated in the “Description” column.</b></p>						
<b>A. General Principles</b>						
<b>A1. Strategy, Policy and Targets</b>						
A1.1	Yes				The Board of Directors determines environmental, social and governance (ESG) priority issues, risks and opportunities.	Sustainability Report 2021, Page 32-33, 22-23
A1.1	Yes				The Board of Directors establishes ESG policies (For example: Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) and declares to the public.	<a href="https://www.aydemyenilenebilir.com.tr/bilgi/24/politikalar-m-z">https://www.aydemyenilenebilir.com.tr/bilgi/24/politikalar-m-z</a>
A1.2	Yes				The short and long term goals in line with ESG policies are declared to the public.	Sustainability Report 2021, Page 30-31,41,71
<b>A2. Implementation/Monitoring</b>						
A2.1	Yes				The committees and/or units responsible for the implementation of ESG policies as well as the highest-level person in charge of ESG issues and their duties are determined and publicly disclosed.	Sustainability Report 2021, Page 22-23 Annual Report 2022/Corporate Governance/Committees and Policies
A2.1	Yes				The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.	Sustainability Report 2021, Page 22-23 Annual Report 2022/Corporate Governance/Corporate Governance Information Form
A2.2	Yes				Implementation and action plans in line with the ESG targets are formed and declared to the public.	Sustainability Report 2021, Page 40-47,62-63,68-71

	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
	YES	NO	PARTIAL	NOT APPLICABLE		
A2.3	Yes				The scope of ESG Key Performance Indicators (KPI) and relevant indicators are announced on a yearly basis.”	Sustainability Report 2021, Page 78-81
A2.4	Yes				Activities that improve sustainability performance in business processes, products, and services have been disclosed to the public.	Sustainability Report 2021, Page 50-57
<b>A3. Reporting</b>						
A3.1	Yes				Information regarding the performance of the Incorporation in terms of sustainability performance, targets and activities are included correctly and adequately in the annual report.	Annual Report 2021, Page 74-97 Annual Report 2021, Sustainability Section
A3.2	Yes				Information about its activities on which of the United Nations (UN) 2030 Sustainable Development Goals are related to has been disclosed to the public by the Incorporation.	Sustainability Report 2021, Page 32-33
A3.3		No			Information about the important lawsuits filed and/or concluded in ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.	Lawsuits within the scope of ESG are not disclosed to the public.
<b>A4. Verification</b>						
A4.1			Partial		ESG Key Performance metrics of the Incorporation have been verified and publicly disclosed by an independent third party organization.	The 2021 carbon footprint calculations for the headquarters and all facilities have been verified according to the ISO 14064-1 Standard by an Accredited Certification Organization within the scope of carbon footprint.  - Water footprint calculations for headquarters and facilities for 2021 were verified by an Accredited Certification Organization according to the ISO 14046 Standard.
<b>B. Environmental Principles</b>						
B1	Yes				The Company has disclosed its policies and practices in the field of environmental management, action plans, environmental management systems (known with ISO 14001 standard), and programs to the public.	<a href="https://www.aydemyenilenebilir.com.tr/bilgi/30/entegre-yonetim-sistemi">https://www.aydemyenilenebilir.com.tr/bilgi/30/entegre-yonetim-sistemi</a> Sustainability Report 2021, Page 26-27
B2	Yes				The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	Sustainability Report 2021, Page 1
B3					Stated in A2.1.	
B4		No			Environmental targets included in the rewarding criteria within the scope of performance incentive systems based on stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.	Environmental targets included in the relevant reward systems are not disclosed to the public.
B5	Yes				How priority environmental issues are integrated into business targets and strategies has been disclosed to the public.	Sustainability Report 2021, Page 30-31



## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
	YES	NO	PARTIAL	NOT APPLICABLE		
B6	Stated in A2.4.	Yes				Sustainability Report 2021, Page 34-35
B7	How environmental issues are managed and integrated into business targets and strategies throughout the company's value chain, including the operational process, suppliers and customers has been disclosed to the public.	Yes				
B8	Whether the environment organizations and non-governmental organizations are involved in the policy-making processes or not, and the collaborations with these institutions and organizations have been disclosed to the public.			Partial	No active participation in the policy-making process.	Collaborations with institutions and organizations on environmental issues are available in the link. <a href="https://www.aydemyenilenebilir.com.tr/bizden-haberler">https://www.aydemyenilenebilir.com.tr/bizden-haberler</a>
B9	In the light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), comparable information on its environmental impacts are disclosed to the public.	Yes				Sustainability Report 2021, Page 40-47
B10	Standards, protocols, methodologies, and reference year details used to collect and calculate data are disclosed to the public.	Yes				Sustainability Report 2021, Page 40-45
B11	The status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years has been described.	Yes				Sustainability Report 2021, Page 78-80
B12	Short and long-term targets to reduce environmental impact are set and these targets are announced together with information on their progress in relation to the goals set in the past years.	Yes				Sustainability Report 2021, Page 40-41,78-80
B13	The strategy and actions to combat the climate crisis are announced.	Yes			As a signatory of the Science-Based Targets initiative (SBTi), a joint strategy is being pursued for the climate crisis.	<a href="https://www.aydemyenilenebilir.com.tr/haber/102/uluslararası-bilim-temelli-hedefler-nisiyatifi-nin-sbti-mzac-s-y-z">https://www.aydemyenilenebilir.com.tr/haber/102/uluslararası-bilim-temelli-hedefler-nisiyatifi-nin-sbti-mzac-s-y-z</a>
B14	In order to prevent or minimize the potential negative impact of products and/or services on the environment, programs or procedures have been established and disclosed to the public.	Yes				<a href="https://www.aydemyenilenebilir.com.tr/bilgi/44/cevre-politikasi">https://www.aydemyenilenebilir.com.tr/bilgi/44/cevre-politikasi</a>
	Actions for reducing greenhouse gas emissions of third parties (eg. suppliers, subcontractors, dealers, etc.) are taken and these actions have been disclosed to the public.		No		No activities are being carried out for third parties regarding the subject.	
B15	The environmental benefits / profits and cost savings provided by projects and initiatives carried out to reduce environmental impact are announced.	Yes				Sustainability Report 2021, Page 40-41, 42-43, 50-51

	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
	YES	NO	PARTIAL	NOT APPLICABLE		
B16	The total energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling) data are announced as Scope-1 and Scope-2.	Yes				Sustainability Report 2021, Page 78-79
B17	Information on electricity, heat, steam and cooling generated and consumed in the reporting year is provided.	Yes			The company only generates renewable energy.	Sustainability Report 2021, Page 78
B18	Efforts to increase the use of renewable energy and transition to zero or low-carbon electricity have been made and disclosed to the public.	Yes				Sustainability Report 2021, Page 42-43
B19	The renewable generation of energy and the usage data are announced.	Yes				Sustainability Report 2021, Page 78-79
B20	Energy efficiency projects are realized and the amount of energy consumption and emission reduction gained by means of these studies are announced.	Yes				Sustainability Report 2021, Page 40-41
B21	The amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures are reported.	Yes				Sustainability Report 2021, Page 43-44, 79
B22	Explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Yes				Sustainability Report 2021, Page 42
B23	The carbon credit information accumulated or purchased during the reporting period is announced.	Yes			Carbon reduction certificates are offered to voluntary carbon markets within the scope of carbon trading.	Sustainability Report 2021, Page 42
B24	If carbon pricing is applied in the company, details are disclosed.		No		There is no publicly disclosed carbon pricing activity within the Company.	
B25	Platforms where the Company discloses environmental information is announced.	Yes				Sustainability Report 2021, Page 27 <a href="https://www.aydemyenilenebilir.com.tr/bulten/44/aydem-yenilenebilir-enerji-cdp-de-dunya-klim-liderleri-aras-nda">https://www.aydemyenilenebilir.com.tr/bulten/44/aydem-yenilenebilir-enerji-cdp-de-dunya-klim-liderleri-aras-nda</a>

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
	YES	NO	PARTIAL	NOT APPLICABLE		
<b>C. Social Principles</b>						
<b>C1. Human Rights and Labor Rights</b>						
C1.1	Yes				Corporate Human Rights and Labor Rights Policy is established in which full compliance with the legal framework and legislation regulating the human rights and business life in Turkey, ILO Conventions that are ratified by Turkey and the Universal Declaration of Human Rights is committed. Roles and responsibilities associated with the implementation of the policy are determined and announced.	<a href="https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi">https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi</a>
C1.2	Yes				Considering the supply and value chain effects, the Company includes fair workforce, improvement of labor standards, women's employment and inclusion (such as nondiscrimination on women, men, gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policy regarding the labor rights.	Sustainability Report 2021, Page 68-71 <a href="https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi">https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi</a> <a href="https://www.aydemyenilenebilir.com.tr/bilgi/24/politikalar-m-z/InsanKaynaklariPolitikasi">https://www.aydemyenilenebilir.com.tr/bilgi/24/politikalar-m-z/InsanKaynaklariPolitikasi</a>
C1.3	Yes				Precautions taken throughout the value chain regarding the consideration of specific economic, environmental, and social factors such as low-income groups, women, or minority rights/opportunities have been disclosed to the public.	Sustainability Report 2021, Page 70-71 <a href="https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi">https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi</a>
C1.4	Yes				Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced labor and child labor are reported.	Sustainability Report 2021, Page 70-71 <a href="https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi">https://www.aydemyenilenebilir.com.tr/bilgi/69/insan-haklari-politikasi</a>
C1.5	Yes				Investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management issues are included in employee rights policy.	<a href="https://www.aydemyenilenebilir.com.tr/info/24/policies?hl=tr">https://www.aydemyenilenebilir.com.tr/info/24/policies?hl=tr</a> (İnsan Kaynakları Politikası)
C1.5	Yes				Dispute resolution processes are determined by creating mechanisms for employee complaints and dispute.	Sustainability Report 2021, Page 24-25 (Ethics Line Applications)
C1.5	Yes				The activities carried out to ensure employee satisfaction during the reporting period are announced.	Sustainability Report 2021, Page 72-73
C1.6	Yes				Occupational health and safety policies are established and declared to the public.	<a href="https://www.aydemyenilenebilir.com.tr/bilgi/45/is-sagligi-ve-guvenligi-politikasi">https://www.aydemyenilenebilir.com.tr/bilgi/45/is-sagligi-ve-guvenligi-politikasi</a> Sustainability Report 2021, Page 62-63
C1.6	Yes				The occupational accidents, measures taken to maintain health, and accident statistics are announced.	Sustainability Report 2021, Page 62-63 Annual Report 2022/Sustainability/Health, Environment, Occupational Health and Safety

	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
	YES	NO	PARTIAL	NOT APPLICABLE		
C1.7	Yes				Protection of personal data and data security policies are established and disclosed to the public.	<a href="https://www.aydemyenilenebilir.com.tr/bilgi/26/ki-isel-verilerin-korunmas-">https://www.aydemyenilenebilir.com.tr/bilgi/26/ki-isel-verilerin-korunmas-</a>
C1.8	Yes				Ethical policy is established and declared to the public.	<a href="https://www.aydemyenilenebilir.com.tr/bilgi/41/etik-kurallar-ve-calisma-ilkeleri">https://www.aydemyenilenebilir.com.tr/bilgi/41/etik-kurallar-ve-calisma-ilkeleri</a>
C1.9	Yes				Activities regarding social investment, social responsibility, financial inclusion, access to financing are revealed.	Sustainability Report 2021, Page 76-77,85
C1.10	Yes				Information meetings and training programs for employees on ESG policies and practices are organized.	Sustainability Report 2021, Page 45
<b>C2. Stakeholders, International Standards and Initiatives</b>						
C2.1		No		X	A customer satisfaction policy regarding the management and resolution of customer complaints is established and announced.	Although customer satisfaction is not measured, the company's activities are always based on absolute customer satisfaction.
C2.2	Yes				Information on stakeholders communication (with which stakeholders, on what issue and how often) is announced.	Sustainability Report 2021, Page 36-37
C2.3	Yes				International reporting standards adopted for the reportings are disclosed.	GRI Standards, CDP Climate Change and Water Security reportings, ISO 14064-1, ISO 14046, ISO 9001, ISO 45001, ISO 5001, ISO 14001, ISO 27001 Sustainability Report 2021, Page 6-7, 26-27, 41,44
C2.4	Yes				Principles, signatory and member international organizations, committees and principles on sustainability and adopted by the Company are disclosed.	Sustainability Report 2021, Page 30-31, 37 <a href="https://www.aydemyenilenebilir.com.tr/haber/102/uluslararasi-bilim-temelli-hedefler-nisiatifi-nin-sbti-mzac-s-y-z">https://www.aydemyenilenebilir.com.tr/haber/102/uluslararasi-bilim-temelli-hedefler-nisiatifi-nin-sbti-mzac-s-y-z</a>
C2.5			Partial		Improvements and activities are conducted in order to be listed in the sustainability indices of Borsa Istanbul and/or international index providers.	Activities are conducted to be included in the BIST Sustainability Index.
<b>D. Corporate Governance Principles</b>						
D1	Yes				Stakeholders were consulted in determining measures and strategies in the field of sustainability.	Sustainability Report 2021, Page 30-31
D2	Yes				Efforts have been made to increase awareness about sustainability and its importance through social responsibility projects, awareness-raising activities, and trainings.	Sustainability Report 2021, Page 76-77



## SUSTAINABLE (GREEN) FINANCE FRAMEWORK

Installation works of the 82.15 MW Uşak WPP Hybrid SPP project\* were completed in 2022.

### Green Finance Framework – Impact Reporting

#### Impact Reporting

Aydem Renewables aims to provide the following impact criteria as part of its annual reporting, where applicable.

#### KPIs for Renewable Energy Generation

- The capacity of renewable energy plants built or rehabilitated (MW)

#### Hybrid Project:

Installation works of the 82.15 MW Uşak WPP Hybrid SPP project were completed in 2022. The Ministry Approval has been granted for the 82.15 MWm hybrid solar power plant in Uşak WPP, as of February 23, 2023.

Activities related to other projects are ongoing. Plans are underway for 2024 and 2025. For the following years installed capacities are anticipated as follows:

- Söke WPP Hybrid SPP: 17 MWp
- Yalova WPP Hybrid SPP: 18.9 MWp
- Akıncı HPP Hybrid SPP: 12.1 MWp
- Koyulhisar HPP Hybrid SPP: 7.7 MWp
- Uşak WPP Hybrid SPP-2: 17.9 MWp
- Uşak WPP Hybrid SPP-3: 68.3 MWp
- Uşak WPP Hybrid SPP-4: 34 MWp
- Feslek HPP Hybrid Canal SPP: 0.3 MWp
- Dalaman HPP Hybrid Floating SPP: 1.4 MWp
- Adıgüzel HPP Hybrid Floating SPP: 24.1 MWp
- Göktaş HPP Hybrid Floating SPP: 5.6 MWp

With the completion of hybrid projects, a total installed power increase of 289.4 MWp will be achieved.

\*Installation of the 82.15 MWm hybrid solar power plant, has been completed in Uşak WPP, and the Ministry Approval has been granted as of February 23, 2023.

### Capacity Increase Project:

Construction and installation work for Uşak WPP Capacity Increase (102 MWe and 17 turbines) started in 2022, and the plan is to complete the project in the first quarter of 2023 incrementally.

- For Uşak WPP, the current capacity is 61.5 MW and it is planned to be 197.5 MWe as a result of the capacity increase of 136 MWe.
- For Yalova WPP, the current capacity is 54 MW and it is planned to be 66 MWe as a result of the 12 MWe capacity increase.
- For Söke WPP, the current capacity is 45 MW and it is planned to be 57 MWe as a result of the 12 MWe capacity increase.

With the completion of capacity increase projects, an additional capacity increase of 164.8 MWe will be realized.

### Estimated Renewable Energy Generation (GWh/year)

#### Energy Efficiency KPIs

- Energy saving, energy management, and efficiency projects we rolled out during the year helped us save 19,577 MWh/year of energy.
- Investments for energy optimization

#### Hybrid Project:

Installation works of the 82.15 MWp Uşak WPP Hybrid WPP project were completed in 2022. The budget of the project is USD 54.4 million.

Anticipated investment cost for the following years:

- Söke WPP Hybrid SPP: USD 16 million
- Yalova WPP Hybrid SPP: USD 17.2 million
- Akıncı HPP Hybrid SPP: USD 8.6 million
- Koyulhisar HPP Hybrid SPP: USD 5.8 million
- Uşak WPP Hybrid SPP-2: USD 13.1 million
- Uşak WPP Hybrid SPP-3: USD 55.2 million
- Uşak WPP Hybrid SPP-4: USD 28.8 million
- Feslek HPP Hybrid Canal SPP: USD 0.5 million
- Dalaman HPP Hybrid Floating SPP: USD 1.5 million
- Adıgüzel HPP Hybrid Floating SPP: USD 19.1 million
- Göktaş HPP Hybrid Floating SPP: USD 4.9 million



### Capacity Increase Project:

The company has approximately 1,019.48 MW of installed power, of which 84% comprise hydroelectric power plants and 16% wind power plants. During the dry periods, the energy generation obtained at hydroelectric power plants decreases, and the annual energy generation targets are not reached during these periods. When these capacity increase projects are implemented, the ratio of wind power plants to the total capacity will increase to 24%. During periods when the rainfall is low, due to increased energy generation diversity, the increased energy generation of WPPs will positively contribute to the achievement of the Company's goals.

### Project Management KPIs

- Percentage of Completion of Eligible Projects

### Hybrid Project:

There are no hybrid projects commissioned in 2022.

Projects are still pending permission. Percentages of completion of the permit process; Uşak WPP-1 Hybrid SPP: 90%, Yalova WPP Hybrid SPP: 50%, Söke WPP Hybrid SPP: 50%, and Feslek HPP Hybrid SPP: 70%. Following the completion of the permit process, the construction process is planned to be completed and commissioned.

### Capacity Increase Project:

-Uşak WPP: EIA, TEA, and EMRA processes completed. An application was submitted before EMRA for Uşak WPP 54 MW and 34 MW capacity increases, with the EIA process ongoing. 54 MW is present for the approval of the TEA application. The plan is to obtain approval in January for 34 MW, for which an application was submitted. Turbine deals were struck and turbine supply processes started.

-Yalova WPP: EIA and TEA processes completed. For the completion of the EMRA process, fulfillment of obligations is communicated. License expansion is pending.

-Söke WPP: EIA and TEA processes completed. TEİAŞ (Turkish Electricity Transmission Corporation) contribution will be revised after EMRA's decision for eligibility, which will be followed by license expansion.

### New Area Consumption KPIs

- Use of new area for eligible projects

## SUSTAINABLE (GREEN) FINANCE FRAMEWORK

### The eligibility decision of the State Water Works is sought for floating (offshore) SPP projects.

#### Hybrid Project:

Installation works of the 82.15 MWp Uşak WPP Hybrid SPP project were completed in 2022. The Ministry Approval has been granted for the 82.15 MWp hybrid solar power plant in Uşak WPP, as of February 23, 2023. Other planned projects included onshore, floating, and water transmission canal SPP projects. Within this context, a maximum of 15,000 m<sup>2</sup> area is used for 1 MWp in accordance with the regulation published by EMRA. Efforts are underway to stay below the legal area limit in question. Furthermore, there are some legal requirements regarding the installation of onshore SPP. Installation is not permitted on forested areas and agricultural land etc. For this reason, only non-arable areas designated as "Non-Agricultural Land" by state resolution will be eligible for Hybrid SPPs.

The eligibility decision of the State Water Works (DSI) is sought for floating (offshore) SPP projects. Most eligible spots are designated by keeping a distance from structures including fish farms and making sure water incurs no harm.

#### Capacity Increase Project:

For capacity increase projects, land will be needed to meet the access road and pad area needs. To minimize land use, it is planned to use turbines with maximum capacity (For example: For a 6 MW capacity increase, 1.5 MW x 4 turbines can also be used, so for every 6 MW increase, there will arise the need for 4 turbines of area access roads and pad area. But the turbine model planned for an increase of 6 MW will be one 6 MW turbine.). Forest land will be used for the Yalova WPP project, and it has been decided to use the areas closest to the existing ENH and roads where there are no trees. Energy generation reports have been prepared for these areas. The results were found to be appropriate. For the Söke WPP project, a non-tree area was chosen along the existing plant road route and on the site, which is entirely forest land. A "Wind Energy Report" is prepared for this area. All of the areas with an altitude of 1,300 meters and usually dry in the Uşak WPP area are privately owned land. There is no tree cutting in this region. Minimal expropriation is planned.

#### Biodiversity Protection KPIs

- Number of Environmental Risk Assessments in the context of Eligible Green Projects

The company has 25 plants. In 2022, "Environmental Size Impact Analyses" were conducted for each plant. For hybrids, EIA processes have been initiated for the capacity increase of Uşak WPP, Söke WPP, and Yalova WPP and auxiliary SPP installations. There are "EIA Approved" and "EIA Not Required" documents for all businesses.

In terms of biodiversity, necessary resources are allocated for the activities detailed below. Contracts have been signed with a technical consulting firm in related matters. The following projects will be implemented in 2022:

- 1) Projects to be undertaken to take certain supportive steps in biodiversity and planning studies, which will serve as the foundation for conservation studies of all areas within the legal boundaries and immediate surroundings of the following power plants:
  - For Kemer HPP Dam Operation: 50 Bat Houses Installation and Agricultural Pest Control Monitoring Project Due to Population Increase:

In collaboration with Denizli Atatürk Technical and Vocational Anatolian High School, bat houses prepared by students were initially placed within the vicinity of Kemer HPP in Aydın and Dalaman HPP in Muğla. The impact of this project will be felt in long term. Currently, bats are being monitored by expert teams in the region. Necessary actions to improve the project will be taken to see the impact of bats on agriculture and the ecosystem in the region.

- For the Göksu HPP Dam operation: Field Monitoring with Five Camera Traps and Video Presentation Project: The installation of the camera traps shall be used to make a fauna inventory of the dam area.
- In Söke WPP operation; Monitoring of the Beekeeping Activities, Determining the Effects of the WPP on Bees and Supporting the Local People in the Field of Beekeeping:

A training course was organized for the local community residing in the vicinity of Söke WPP in collaboration with Düzce University's Beekeeping Research, Development, and Implementation Center. Lecturer Dr. Münir Uçak and Teaching Assistant Tuğçe Çaprazlı ran the course during which the role bees play in biodiversity and sustainable foodstuff production, bee biology, bee products production techniques, bee diseases, and pests were addressed. The plan is to place beehives in 2023 spring following another training course to be delivered in this field.

- 2) Biological Diversity Assessment Reports were prepared and reported for all businesses based on the Ecosystem Assessment.
- 3) Aydem Renewables WPP businesses' "Biological Diversity Monitoring Activities" that meet the Sustainability Management requirements of Live Natural Resources were performed and reported.
- 4) The following biodiversity training will be given to all plant employees by consultants or academicians:
  - Türkiye's Biodiversity and Bio-Smuggling
  - General Information on Birds from the Perspective of a Bird Detective

#### KPIs on Complaints from the Community Related to Eligible Green Projects

- Number of justified complaints received

There are no justified complaints about the projects.

#### State/Local Government Approval KPIs

- Number of completed local/government authority approvals

#### Hybrid Project:

As part of hybrid projects, the number of approvals issued by the EMRA's main source field inclusion is 11. The number of approvals for license expansion is two. The number of approvals obtained from DSI is 8. There are three projects with finalized EIA processes. Property acquisition has been completed for five projects.

#### Capacity Increase Project:

TÜBİTAK TEA processes and EIA processes for Söke and Yalova as part of capacity increase projects have been completed. An expropriation decision was passed under Uşak WPP's capacity increase involving 11 turbines.





## HUMAN RESOURCES

A genderless CV approach and a non-discriminatory perspective are employed transparently in the recruitment processes when the first contact with the employees is made.

### Our Human Resources Policy

The core objective of Aydem Renewables' human resources approach and practices is to create a working environment that everyone would like to be part of, and where employees are happy and embrace their company. In this respect, the Company develops and implements measurable, transparent, and fair human resources strategies that give an ear to everyone and improve itself. These strategies also encourage employee engagement to attain business objectives and help them unlock their potential.

The Company's Human Resources Policies have been established for the purposes of maintaining its pioneering position and boosting its capacity in the energy sector. They are also intended to support the performance required for meeting stakeholders' expectations while setting competency and skill groups to serve this purpose.

With its Human Rights Policy, the Company is committed to:

- Protecting the rights of communities in the regions of operation;
- Complying with national and international laws and regulations regarding human rights, and ensuring that business partners do the same;
- Taking decisions in line with the United Nations Universal Declaration of Human Rights in all investment activities and operations covering such activities;
- Respecting human rights in all investment activities and other activities and organizing its activities accordingly;
- Providing equal rights and equal opportunities for all employees without tolerating discrimination, by valuing diversity among employees;
- Supporting women's participation in the workforce, improving gender balance in the Company's decision-making mechanisms, and encouraging women in the Company's Board of Directors and senior management;
- Increasing the employment rate, supporting the right of employees to freedom of expression in the workplace by cooperating with non-governmental organizations;

- Preventing violations of the safety and health principles of its employees and taking the necessary measures,
- Being environmentally sensitive for a livable and green world and accepting the principle of protecting nature as a priority in all its activities.

### 2022 Highlights

#### Recruitment

A genderless CV approach and a non-discriminatory perspective are employed transparently in the recruitment processes when the first contact with the employees is made. The principles of Sensitivity, Dynamism, and Touching Life, which are the Company's basic values, are used as a foundation. The recruitment process, which starts with job advertisements published on the Company's internal portals, website, and career pages, continues with the evaluation of candidates in terms of skill, experience, and competency measurement criteria. The process is complemented by Personality Inventory, General Aptitude, and English tests. Vacant positions are communicated every Monday under the heading Career Opportunities to help employees review new career opportunities at the Company and group companies and give a new and different direction to their careers.

#### Remuneration, Fringe Benefits, and Performance Management

Aydem Renewables works diligently to guarantee equitable remuneration processes in line with its Human Resources Policy. The Company works with a global and independent remuneration consultant, and thus runs all its processes with a fair remuneration system fully built on performance analyses. This way, it makes sure that there is no discrimination based on gender, language, religion, race, ethnicity, belief, nationality, marital status, and other reasons while offering a working environment where employees feel safe in this particular context.



As for remuneration, a significant raise was introduced in early 2022 for employee salaries to protect their wages vis-a-vis inflation. A second re-adjustment was introduced during the year in the face of the persistent hike in inflation. Meanwhile, bonus payments were made to employees as per the memorandums of understanding signed with the contracted bank.

Employee benefits Aydem Renewables offers include private health insurance, efficiency-boosting project awards, achievement awards, vehicle allocated by position, phone, laptops, meal cards, New Year and special occasions gifts, severance awards, and marriage and childbirth gifts. The Company guarantees the equal provision of these benefits to all employees.

Aydem Renewables sets targets for blue-collar and white-collar employees as per their roles, responsibilities, and competencies and makes bonus payments in line with annual assessments. While doing so, the Company adopts an equitable method that motivates and gives trust to employees throughout their careers. Key competencies and extensive know-how are taken into account in the assessment processes.

#### Employee Engagement and Satisfaction

Aydem Renewables identified its areas for improvement as per survey findings of Great Place to Work conducted in previous years. Action plans were prepared and implemented accordingly. Maintaining the criteria of reliability, fairness, team spirit, and respect, Aydem Renewables was recertified as a "Great Workplace" with a 100% participation rate and a score of 80 in the Trust Index Survey held for 2022.

#### Internship Programs

Employing 37 interns in 2022, Aydem Renewables aims to create jobs for 100 female interns by 2026 in accordance with Goal 5 (Gender Equality) of the United Nations Sustainable Development Goals (SDGs) which points to "empowering all women and girls." Accordingly, 20 female interns were employed during the year. The Company continues its contributions to raising the ratio of female employees in the energy sector. Interns completing their internship at Aydem Renewables are granted an Internship Completion Certificate coupled with Letters of Reference. Orientation courses run before internship and training on resume preparation delivered before graduation help interns prepare for professional life.

#### Work Models

To reach optimum efficiency and sharpen its competitive edge, Aydem Renewables finalized the digital transformation of its IT infrastructures before the COVID-19 pandemic, and thus quickly adapted itself to the new working order that emerged with the pandemic thanks to the innovative ways of doing business it developed. This way, the Company, together with its employees, turned itself into a more dynamic and innovative organization, while cementing its ambition to pioneer the future of its sector. Adopting the motto "We're in the Right Place!" Aydem Renewables has developed a unique working model focused on team spirit, agility, and leadership in hybrid, remote and on-site forms of work as with the hashtag #EnerjiçinBiz (Us for Energy).

## HUMAN RESOURCES

**A cloud-based system was established where all training processes are run on a single platform with the Success Factors Education module.**

### Training

Aydem Renewables implements a Training Policy that prioritizes employees' development and aims at more efficiency in line with the Company's goals and objectives. It rigorously monitors the effectiveness of processes including the identification of employees' training requirements, planning, and implementation of training activities, and record-keeping of all training courses, as well as the training assessment principles. The Company plans training courses corresponding to employee needs for technical, professional, and personal development in line with the potential of each employee.

A cloud-based system was established where all training processes are run on a single platform with the Success Factors Education module, which represents a component of digital transformation. Managing the training process from end to end, this system ensures the right training is delivered to employees in line with the Company's strategies. On the days of online training, employees are supported with remote working options to derive maximum benefit from the training.

Aydem Renewables believes that one of the most effective methods for learning is when employees make use of their colleagues' experiences. With this understanding, the Company has launched a project named "Leadership Interaction Transformation (LIT)" Mentor-Mentee enabling competent and experienced leaders to convey their experience and know-how. Preparations are underway to implement courses to increase the number of mentees and start a Reverse-Mentoring program in the coming period.

With the Young Talents Program named "Enerjim Tamam," eight new graduates have joined the Company as new talent. Succession and backup efforts are ongoing to raise leaders who will move the Company's achievements forward in the future.

### Communication with Internal & External Stakeholders

Effective, uninterrupted, and healthy communication with all stakeholders is a number one priority for Aydem Renewables. Aydem Renewables has therefore developed a Complaint Procedure covering both employees and the affected local community to address complaints. In accordance with the procedure, stakeholders are identified and listed at local levels (headmen). Grievance boxes have been placed where local communities can forward their grievances to the village headman and the Company via completed forms. Boxes are locked and opened once in every two months by authorized representatives of Aydem Renewables. Action is taken in light of the feedback received. No negative feedback resulting from Company operations was forwarded by local communities in 2022, and no legal action was taken against the Company in that respect.

Practices such as "listening to you," "open door" and "managers on-site" have been introduced to keep the dynamism of internal communications across the Company and create effective platforms where employees can voice their ideas. Employees can convey their requests, suggestions, and opinions through different platforms such as information portals, software, mobile apps, Ideas Hotline and Ethics Hotline. Meanwhile, the Company's rooms for improvement are identified via open communication practices enabling employees to directly pose their questions to the senior management, and employee surveys where they share their feedback. Cultural transformation groups, voluntarily and regularly gathering during the year, will continue to further improve existing practices so that they become more digital and viable. Managers' Handbook, in the meantime, helps all managers think from the perspective of human resources management, and act in line with this perspective in all selection and placement processes.

The Sustainability and HSE Department organized a knowledge contest between plants to boost employee motivation in 2022 and winners were presented prizes. In addition to the legally required quota, the Company continues to create internship opportunities also for employees' children, helping them prepare for professional life.

Aydem Renewables continuously expands its contributions to the local economy and development, and meeting human resources needs for its plants from local communities is among its priorities. Labor required for periodic works at the plant construction stage, in particular, is provided by the local community. 70% of a plant's staff is comprised of members of local communities, and the Company measures its social impact on the regions where it operates via regular surveys.

In 2022, Aydem Renewables has collaborated with the Association of Young Businesspeople of Denizli (DEĞİAD) to launch a project named "Workplace Turning into Vocational Highschool" where theoretical information delivered at schools could be seen being implemented in professional life and new projects conducted.

Aydem Renewables was among the sponsors of the 11<sup>th</sup> Turkish Wind Power Congress whereby it took part in the career festival and answered the questions of students visiting its booth.

Aydem Renewables is aware that everyone has equal rights, and thus took action once again for disadvantaged groups, coming together with the Anlatan Eller (Telling Hands) platform at the Turkish Sign Language Workshop held on September 30 Friday exclusive for Hearing Impaired Week.

In addition, the Company conducts internship programs with Istanbul Technical University, Middle East Technical University, Pamukkale University, and Kütahya Dumlupınar University to introduce qualified staff, develop undergraduate students, and help them acquire experience at work. Bursary programs are also run with Istanbul Technical University Alumni and Kütahya Dumlupınar University to contribute to university students' educational needs.

### Future Outlook

Striving to improve efficiency with a focus on sustainability and further contribute to a secure energy supply, Aydem Renewables closely monitors technological innovations and works to become an innovative and future-driven company. In this respect, key focus areas of the Company include information technologies and security both for internal and external stakeholders. As part of its innovative perspective and innovation-driven strategies, Aydem Renewables integrates information technologies into all its business processes and continuously and uninterruptedly invests in innovation and digitization as it considers them indispensable components of sustainability in the long term.





## HUMAN RESOURCES

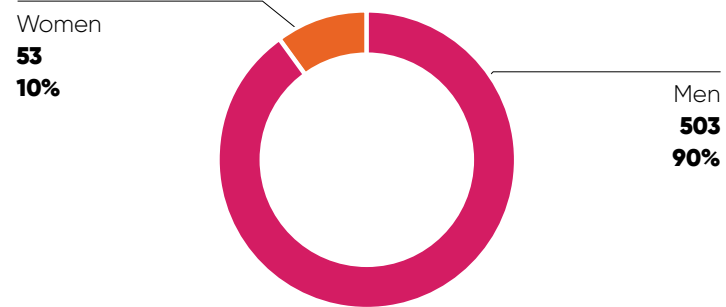
Aydem Renewables has a total of 556 employees as of the year end of 2022.

### Employee Information

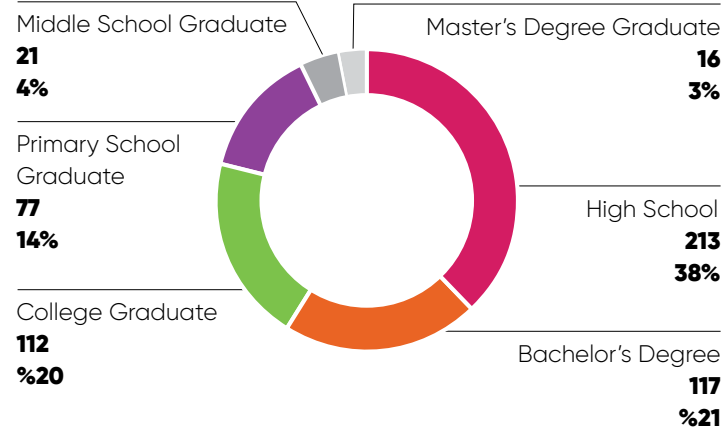
Aydem Renewables has a total of 556 employees as of the year end of 2022. It aims to raise the ratio of female employees -- which is currently standing at 10% -- by the end of the year, whereas the ratio of female Board Members is 37.5%, a number that signifies the Company's sustainability, equality, and diversity approach.

<b>Head Office Staff</b>	<b>140</b>
<b>Hydroelectric Power Plants</b>	<b>340</b>
Adigüzel HPP	16
Akinci HPP	18
Aksu HPP	16
Bereket HPP	21
Çırakdamı HPP 13	
Dalaman HPP	61
Dereli HPP	17
Feslek HPP	15
Göktaş I HPP	21
Göktaş II HPP	18
Gökyar HPP	21
Kemer HPP	17
Koyulhisar HPP 34	
Mentaş HPP	25
Toros HPP	27
<b>Wind Power Plants</b>	<b>51</b>
Söke WPP	13
Uşak WPP	20
Yalova WPP	18
<b>Geothermal Power Plant</b>	<b>25</b>
Kızıldere GPP	11
Heat Center	14
<b>TOTAL</b>	<b>556</b>

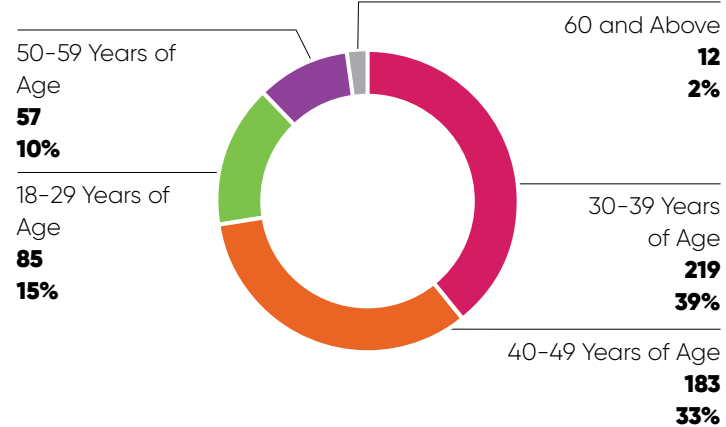
### Company Headcount



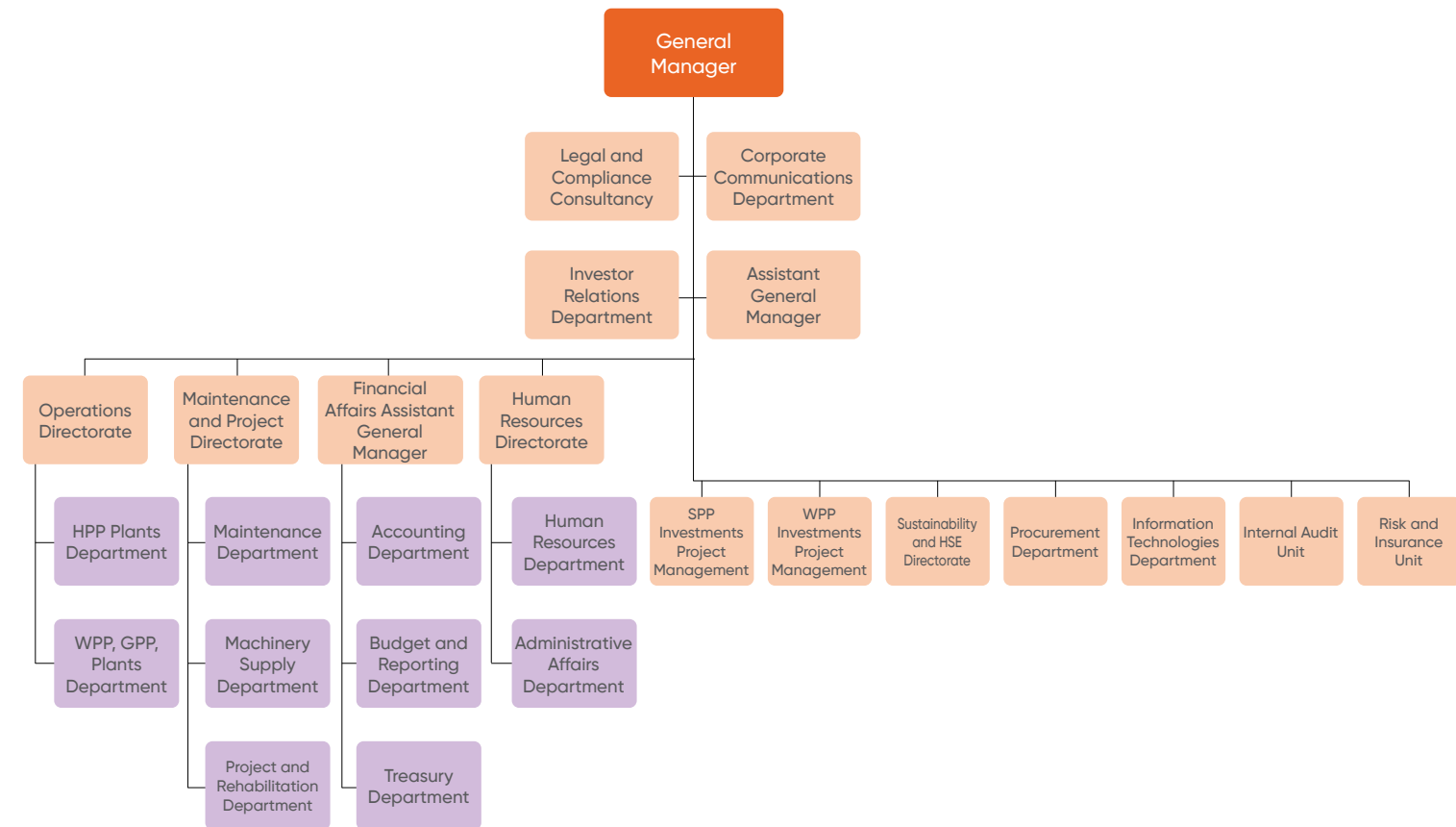
### Education Status



### Age Distribution



## ORGANIZATIONAL CHART



## HEALTH, ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

All plants of Aydem Renewables have received 1,422.25 people\*hours of environmental training in 2022.

### Our Environmental Policy

Aydem Renewables, Türkiye's leading renewable energy company, believes that in order to be successful in the long run, it must create value for its stakeholders and society, and it takes a holistic approach that considers the sustainability of natural resources, the environment, and the needs of future generations.

Knowing that natural resources are limited, the company is focused on promoting climate change adaptation, zero waste, and sustainability while working to realize better practices for the protection of biodiversity, both today and in the future. It continues to contribute to our country's sustainable progress and the creation of a more beautiful future for the environment, society, and future generations through renewable energy generation.

Embracing a management approach that determines "Respect for Humans and Nature" as its focal point, the Company has recognized the protection of the environment as a fundamental responsibility to its existence beyond the legal requirements, and accepted the following as its Environmental Policy:

- Bringing the factors that cause environmental destruction under control,
- Carrying out activities that contribute to continuous improvement in reducing negative environmental impacts,
- Reducing waste, ensuring recovery, and preventing pollution,
- Meeting the requirements of ISO 14001 Environmental Management Systems in line with the relevant environmental legislation, laws, and regulations,
- Monitoring the compliance of activities performed during the year with the environmental goals and targets previously created and reviewing the current status at least once a year,
- Ensuring that the Environmental Management System is properly and sufficiently documented, implemented, and maintained for it to be recognized accurately,
- Ensuring continuous improvement in environmental performance,
- Preferring products and services that are environmentally friendly and care about energy efficiency,
- Becoming a learning, constantly evolving, and sharing organization through continuous environmental awareness training activities

- Keeping initiatives on environmental recovery through effective communications with their peers
- Complying with the current legal regulations, standards, and directives, and rules of the organizations it is affiliated with,
- Achieving international standards in its operations,
- Announcing this committed and implemented policy to all its employees,
- Making it accessible to the public and third parties.

### Environmental Management

**EIA Processes Regarding Capacity Increases:** EIA Processes Regarding Capacity Increases: EIA Positive Certificate was obtained for the Uşak WPP capacity increase (from 41 Turbines 61.5 MWm/MWe to 52 Turbines 114.3 MWm/MWe). An agreement has been reached with an expert consultancy firm for the periodic preparation of Project Progress Reports and their submission to the Ministry of Environment, Urbanization and Climate Change. The first report was submitted to the Ministry on 10 December 2021. Furthermore, the EIA (Environmental Impact Assessment) processes regarding the capacity increases at Söke WPP and Yalova WPP have been initiated. The monitoring works, which started in 2021, are continuing. A total of 7 project progress reports (6 in 2022) were submitted to the Ministry.

Within the scope of the Usak WPP Supplementary Source Solar Power Plant (SPP) Addition Project (Main Source: 127.5 MWM / MWE - 52 turbine, Supplementary Source: 82.15 MWM /71,73 MWE -121,741 ha, Total facility capacity 209.65 MWm/127.5 MWE), EIA Positive Certificate was obtained. An agreement has been reached with an expert consultancy firm for the periodic preparation of Project Progress Reports to the Ministry of Environment, Urbanization and Climate Change. In 2022, 4 project progress report was submitted to the Ministry.

For the Yalova WPP 18,8765 MW Hybrid SPP Project EIA Positive Certificate has been obtained and a consultant company has been assigned for the periodic preparation of Project Progress Reports and their submission to the Ministry of Environment, Urbanization and Climate Change. The first report will be presented in 2023.



**Contaminated Sites Information System:** The approval process of all businesses on the Integrated Environmental Information System (IEIS) has been completed.

**ISO 14001: 2015 Environmental Management System:** All plants have received documentation and the process is actively managed.

**Environmental Training:** All plants have received 1422.25 people\*hours of environmental training in 2022, and training is comprised of the following:

- How Can We Reduce Our Water Footprint?
- Türkiye's Biodiversity and Bio-Smuggling Training
- From the Eye of a Bird Detective Training
- What Can We Do for the Protection of the Ozone Layer?
- Environmental Awareness Training
- Precautions Against Spills and Leaks Training
- Environmental Drill Against Spills and Leaks
- Climate Change, Waste Management and Zero Waste Training

**Third Eye Site Inspections:** Site inspections of all plants on environmental, social, and OHS issues within the scope of local legislation and international performance requirements have started in 2021, all site inspections were conducted in 2022 and the reporting process has been completed.

### Water Management

**Water Consumption Monitoring:** In 2022, water footprint calculations for headquarters and facilities were verified by an accredited certification organization according to the ISO 14046 Standard. Total water consumption of 2021 decreased by 30% compared to 2020; and calculation studies for 2022 started in December.

**Process Water Analysis:** In plants that produce one time per year, water analysis has been performed on downstream and upstream samples to see whether the plants have any effect on water.

**Waste Water:** At Aydem Renewables' HPP, WPP and GPP facilities, wastewater management is provided through the septic tanks, which are drained periodically and transported to the contracted local treatment system. The registration procedures of all facilities to the Waste Water Information System (IEIS) have been completed, and the wastewater tracking system is recorded in IEIS.

**Mansap Water Usage Rights Reports:** Under the Water Usage Rights Agreement with DSI, the Mansap Water Usage Rights reports must be renewed. Therefore, the revision process for the Çırakdamı HPP and Dereli HPP reports has been completed and approved by DSI.



## HEALTH, ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

### Aydem Renewables' Emissions Reduction certificates amount to 439,931 tCO<sub>2</sub>, of which 334,422 tons stand for VCS hydro, and 105,509 tons for VCS wind.

#### Waste Management

- Although no process-based waste is generated during operations, waste results from maintenance work. In 2022, total waste per person dropped by 13.3% compared to the previous year (including waste from Uşak WPP's Supplementary Source Construction Site).
- All hazardous or non-hazardous wastes in solid and liquid form are collected separately at the source as part of the regulations without harming the environment and are regularly deposited at the temporary landfill. The waste of all plants is sent periodically (at least twice a year) to contracted licensed recycling or disposal facilities.
- The 2022 declarations on waste and generators for all plants will be made to the Environment, Urbanization, and Climate Change Departments by the end of March 2023.
- All Aydem Renewables generation plants were entitled to receive the Zero Waste Certificate.
- Notifications for Göktaş 1, Gökyar HPP, and Koyulhisar HPP within the scope of BEKRA (Prevention of the Risks of Major Industrial Accidents) were made and an out-of-scope letter was received.
- Action is taken subject to legal requirements related to EAYP (Industrial Waste Management Plan) at all our plants.

#### Climate Change Management

**Carbon Certification:** Carbon and green energy certification processes at international standards are conducted for all plants of Aydem Renewables.

- The registration procedures of Toros HPP, Akıncı HPP, Koyulhisar HPP, Düzce Aksu HPP, Çırakdamı HPP, Dereli HPP, Uşak WPP for "Verified Carbon Standard (VCS)," and monitoring procedures of Söke WPP and Yalova WPP for "Gold Standard" (GS) have been completed.
- Certification procedures of Göktaş 1-2 HPP, Mentaş HPP, Dalaman 1-5 HPP, Gökyar HPP, Bereket 1-2 HPP, Feslek HPP, Adıgüzel HPP, Kemer HPP, Kumkısık Landfill Gas Power Plants for "The International REC Standard (I-REC Standard)" are ongoing.

**Emissions Trading:** The company put into service the certificate, which corresponds to more than 628,928 MWh of electricity in total, in 2022. 6% of the certificates were issued under VCS and 94% under I-REC. The Company generated an additional income of approximately TL 4.5 million.

Aydem Renewables' Emissions Reduction certificates amount to 439,931 tCO<sub>2</sub>, of which 334,422 tons stand for VCS hydro, and 105,509 tons for VCS wind.

**Carbon and Water Footprint Monitoring:** Aydem Renewables has also taken proactive action on water and carbon footprint monitoring in addition to its approach and efforts to embed climate change awareness and environmental awareness into the Company's culture and strategy. The Company calculates and verifies its water and carbon footprint inventory as of 2018. In 2021, its carbon footprint calculations for the head office and enterprises were verified by an accredited certification institute under ISO 14064-1. Compared to 2020, Scope 1-2 GHG emissions dropped by approximately 11% and Scope 1-2-3 GHG emissions by 2.4%. The Company initiated calculation efforts for 2022 in December.

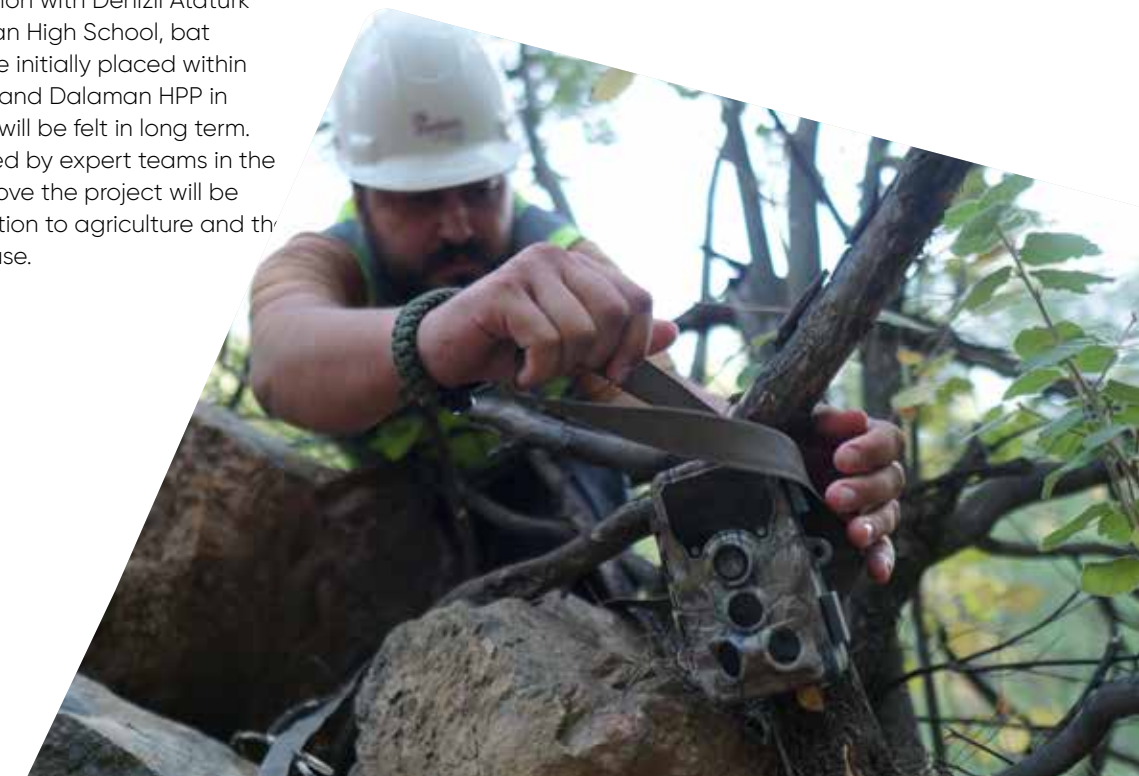
**Carbon Disclosure Project (CDP):** Aydem Renewables, which aims to become a global leader over time by integrating climate change and environmental process management into its corporate culture concurrently with global trends, has responded to the CDP Climate Change and Water Security surveys for the third time and in 2022 it attained the highest score of "A Leadership Level" for Water Security and for Climate Change. With these scores, Aydem Renewables was successful enough to be included on the A List Report for CDP's Water Security 2022 which only has 106 companies and on the CDP Climate Change A List 2022 Report which contains 295 countries from around the world.. This way, it has also become the first and only energy company from Türkiye to attain a ranking on the A List Report with leading companies of the world.

**Low Carbon Hero Award:** Uşak WPP Supplementary Source SPP project application has been made for Low Carbon Hero Award 2022.

#### Biodiversity

- Biological Diversity Assessment reports were prepared and reported for all businesses based on the ecosystem assessment.
- Aydem Renewables WPP businesses' "Biological Diversity Monitoring Activities" that meet the Sustainability Management requirements of Live Natural Resources were performed and reported. Ornithological (bird) and mammalogical (bat) monitoring studies are currently being carried out at WPPs. In Uşak and Yalova WPP, the turbine blades were painted purple to prevent bird deaths. Within the scope of general bird protection plans; a collision risk model was created based on the observation data while monitoring studies were carried out according to Scottish Natural Heritage methodology and carcass scanning according to Atienza-2014.
- The Company, which takes care of protecting aquatic life with fish passages at the HPPs in its portfolio, supports the continuity of fish life in the stream through the fish elevator implemented at the Göktaş HPP. Again in HPPs, residual flow values are monitored instantly and process water quality is measured regularly.
- The Company contributes to the protection of the flora in the regions located in its sphere of influence through the afforestation, planting, and vegetative soil management practices performed.
- Projects to be undertaken to take certain supportive steps in biodiversity and planning studies, which will serve as the foundation for conservation studies of all areas within the legal boundaries and immediate surroundings of the following power plants:
  - For Kemer HPP Dam Operations, 50 bat houses installation and agricultural pest control monitoring project due to population increase: In collaboration with Denizli Atatürk Technical and Vocational Anatolian High School, bat houses prepared by students were initially placed within the vicinity of Kemer HPP in Aydın and Dalaman HPP in Muğla. The impact of this project will be felt in long term. Currently, bats are being monitored by expert teams in the region. Necessary actions to improve the project will be taken and this way bats' contribution to agriculture and the ecosystem in the region will increase.

- For the Göktaş HPP Dam operation, field monitoring with five camera traps and video presentation project: Direct and indirect methods were followed in the vicinity of Göktaş I-II HPP as part of which footprints, excrements, and nests were examined. The literature was screened for terrestrial fauna elements likely to use the area, and previous efforts were studied. Consequently, installation works were initiated with company representatives and plant staff. In the meantime, information was provided on area selection, the matters to be considered, and how to use camera traps. During camera trap controls, terrestrial fauna creatures considered to be using the area such as badgers, mountain goats, foxes, and pigs were video-recorded.
- In Söke WPP operation; monitoring of the Beekeeping Activities, Determining the Effects of the WPP on Bees, and Supporting the Local People in the Field of Beekeeping: In collaboration with Düzce University's Beekeeping Research, Development, and Implementation Center, training was organized for the local community in the vicinity of Söke WPP who are engaged in beekeeping activities. Lecturer Dr. Münir Uçak and Teaching Assistant Tuğçe Çaprazlı ran the course during which the role bees play in biodiversity and sustainable foodstuff production, bee biology, bee products production techniques, bee diseases, and pests were addressed. The plan is to place beehives in 2023 spring following another training course to be delivered in this field.
- Biodiversity training sessions were organized for all plant employees by consultants or academicians under the following topics:
  - Biodiversity in Türkiye
  - Bio-smuggling Training
  - From the Eye of a Bird Detective



## HEALTH, ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

Aydem Renewables employees have received 22,360 people\*hours of OHS training.

### Our Occupational Health and Safety (OHS) Policy

Aydem Renewables' value creation model for its stakeholders and society also includes minimizing losses by providing a safe, healthy, and motivating work environment for its employees with a high-performance and continuous improvement approach.

With the participation of everyone and the support of the entire senior management in all fields of activity of the Company, ensuring an occupational health and safety culture and a safe work environment, uncompromising compliance with Occupational Health and Safety standards is encouraged.

Adopting the idea, "No job is critical and urgent enough to endanger the safety of life," Aydem Renewables has adopted as OHS policy the following;

- Continuously improving all processes by reducing OHS risks to an acceptable level,
- Taking measures that can minimize the possible harmful consequences of accidents or emergencies that may occur during their activities, by acting on the principle of zero occupational accidents and zero occupational diseases,
- Showing the utmost importance to the health, safety, and security of contractors, suppliers, and employees within their working areas,
- Increasing the awareness of employees, suppliers, visitors, local communities, stakeholders, and official authorities about the issue, through continuous education, awareness-raising, and effective communication activities,
- Acting in accordance with all local and international laws, regulations, and standards related to OHS issues,
- Applying its ISO 45001 Occupational Health and Safety System and ensuring the continuous development of systems via periodical reviews and performance monitoring,
- Constantly monitoring the compliance of contractors and suppliers with the Company's OHS Policies,
- Striving to achieve continuous improvement in OHS performance,

- Providing the information, human resources, technology, and financial resources required to maintain the sustainability of the Occupational Health and Safety System,
- Achieving international standards in its operations,
- Announcing this committed and implemented policy to all employees, and
- Making it accessible to the public and third parties.

### Our OHS Applications for 2022

- Employees have received 22,360 people\*hours of OHS training.
- Working at height, emergency, and fire training was provided to the Head Office maintenance teams and plant employees.
- Annual periodic checks of the work equipment at the plants have been carried out.
- Annual periodic health examinations of the employees have been conducted.
- Emergency Drills were carried out at the Head Office and all plants.
- Control, inspection, and training activities at the head office and plants continued during COVID-19.
- The Life Safety and Environment Committee has regularly performed field audits every two months.
- An application for digital monitoring of OHS processes was purchased. Risk assessment and Personal Protective Equipment modules were introduced. In 2023, digitalization efforts will continue in line with the Company's objectives.
- Personal protective equipment and equipment specific to the job have been identified and sourced.
- The contractor performance evaluation system has been put into practice.
- During Occupational Health and Safety Week, an information contest was organized among all plants to boost employee awareness and occupational safety culture.
- In 2023, plays around the theme of Occupational Health and Safety will be performed to raise employees' OHS awareness regarding the business fields of the Company.



### OHS Accident Statistics

Work Accident Statistics	2019	2020	2021	2022
Number of Lost Time Injuries	6	1	1	0
Total Number of Recordable Incidents	12	7	4	2
TRIFR: Total Recordable Incident Frequency Rate	5.42	5.77	3.36	1.60
LTIFR: Lost Time Injury Frequency Rate	2.71	0.82	0.84	0
Lost Time Injury Frequency Rate Target	3.34	2.30	1.96	1.67



## CORPORATE SOCIAL RESPONSIBILITY

With its vision of “energy for life,” Aydem Renewables develops pioneering initiatives within the scope of respect for business, environmental and social lives.

Aydem Renewables cares about all segments of society that it interacts with and influences in its fields of activity and strives to add value to society. With the theme of Respect for Social Life, the Company contributes to local employment in the regions of operation, supports the development of the local people through social projects, and takes care to provide benefit to vulnerable social groups through corporate social responsibility projects.

Since 2017, approximately TL 14.5 million has been invested in 15 different social responsibility projects aimed at education, environment, health, and development of the people of the region, from which more than 6,500 people have benefited.

With its vision of “energy for life” and awareness of the importance of energy in all aspects of life, Aydem Renewables develops pioneering initiatives within the scope of respect for business, environmental and social lives.

### Respect for Business Life

Aydem Renewables seeks to improve efficiency and financial performance by upgrading its corporate governance structure to meet the requirements of the era and by adapting to new technologies. With the awareness that employees are the most important stakeholders of the Company, it adopts an approach that aims to minimize the losses that may occur and seeks to achieve high performance and continuous development by providing them with a safe, healthy, and motivating work environment. Within this scope, the following actions have been taken:

- To reflect the value attributed by the Company to its female employees, the wind power plants in Söke have been named after female employees.
- To maintain the health of workers during the COVID-19 period, a minimum number of shifts, the hybrid system at the Head Office, and remote working practices have been initiated.
- A nursery room has been set up at the Head Office building to help female employees who are new moms feel more at ease after they return from their maternity leave.

- The training of Head Office and field employees are given utmost importance. In this direction, undergraduate interns are being recruited. It is aimed to increase the number of interns of the Company every year and to create the employment of 100 young female interns by 2026.

### Respect for Environmental Life

With the acknowledgment that natural resources are limited, Aydem Renewables strives to realize the best for today and the future in all its projects. In line with the principle of respecting environmental life; the Company focuses on increasing the use of renewable energy sources, adapting to climate changes, supporting zero waste and sustainability issues. Aydem Renewables also applies an effective water policy by showing the utmost respect to the protection of biodiversity in its regions of operation. Within the scope of respect for environmental life:

- Generating energy from 100% renewable energy sources, Aydem Renewables contributes to the sustainable growth of our country and meets the needs of the environment and future generations as part of the fight against the climate crisis.
- All of the Company's power plants are certified by ISO 14001 Environmental Management Standards and are operated within the framework of the principle of “Respect for Nature” in accordance with these standards.
- The studies conducted by C.V.Long & J.A. Flint & P.A. Lepper, investigating the cause of bird deaths in wind power plants, show that the color that attracts insects the most is white while the color that attracts them the least is gray. According to the same study, Uşak and Yalova WPP turbines have been painted purple, which is the second color that attracts insects the least, based on the fact that the gray color may cause difficulties for the vision of air vehicles such as airplanes and helicopters in cloudy weather. Purple coloring for the extra 17 turbine wings with 6 MW power included in Uşak RES in 2022 within the scope of the wind capacity increase was included in the contract.



- To reduce the environmental impact of the Company's operations, wastes created as a result of the activities are separated based on their type and their quantities are recorded and monitored regularly. All active plants of Aydem Renewables have Zero Waste Certificate.
- The Company has installed fish passages in all hydroelectric power plants, contributing to the sustainability and continuity of aquatic life. In Gökteş HPP, which has a high elevation, continuity of fish life in the stream is supported with the use of fish elevators.
- The Company's wind power plants are not located on bird migration routes. Ornithological (bird) and mammalogical (bat) monitoring studies are carried out at these power plants. No bird or bat deaths have been reported so far.
- As part of the Company's Environmental Policy, all required precautions are taken to preserve the existing flora in all of the Company's operations, with special attention paid to afforestation and planting activities.
- The values adopted and practically implemented are upheld under all circumstances. For example, paper saving is achieved by making correspondence in a digital environment thanks to the Envision project (document registration).

- Carbon Emission Reduction Certificate Monitoring (VCS&GS) and Green Energy Certification (IREC) studies are in full swing at all plants. Within the Company, there are 2 plants with Gold Standard, 15 plants with Renewable Energy Certificate (I-REC), 7 plants with Voluntary Carbon Standard (VCS).
- Aydem Renewables aims to reach net zero target in 2050. Accordingly, the company aims to reduce its emissions intensity per generation by 30% in 2025 and by 65% in 2035. Some of the Company's practices in line with this objective are as follows:
  - LED Lighting Transformation Project (490 tCO<sub>2</sub>/year fall)
  - Use of A++ product groups (600 tCO<sub>2</sub>/year decline)
  - Vehicle Tracking System (899 tCO<sub>2</sub>/year decline)
  - Robotic Process Automation (RPA) (70% reduction in paper consumption)
- A total of 1,422.25 people/hour training was given in biodiversity, environment, and climate change.



## CORPORATE SOCIAL RESPONSIBILITY

### Social aid projects worth TL 1 million were conducted to improve the social lives of local communities in the surrounding areas of its plants.

#### Respect for Social Life

Providing universal access to affordable, reliable, and modern energy services is one of the global objectives that the world is focused on. Diversifying resources and increasing the use of renewable energy resources, in particular, will be necessary to meet this demand in an uninterrupted, reliable, and cost-effective manner. Increasing the share of renewable energy sources in the energy supply is the focus of Aydem Renewables' respect for social life. Furthermore, the company primarily promotes sustainable development in the regions of operation by providing jobs, contributing to the local economy, and funding social programs. Within the scope of respect for social life:

- Social responsibility projects are carried out with various non-governmental organizations, particularly the Foundation for Children with Leukemia (LOSEV). A gift and donation campaign was organized in partnership with LOSEV. Support is provided for schools, mosques, libraries, and road works in the regions where the Company's plants are located. Priority is given to regional employment. It is attempted to guide new graduates about their future by participating in university career fairs.

- Through the Human Resources and Human Rights Policies it has established, the Company shares its respect for business life, environmental life, and social life with its employees and employee candidates.
- In addition to the works in the regions of operation, a significant amount of seedlings were donated to heal the wounds of forest fires in our country.
- Awareness-raising training programs on forest fires and floods for local people in villages located around the power plants are being carried out within the scope of the Hand-in-Hand Project for Our Future, which is a first in our country, organized with the cooperation of AKUT (Search and Rescue Association-Turkish USAR Team).
- Within the scope of the 16-day activism initiated by UN Women on the occasion of 25 November Day for the Elimination of Violence Against Women, the Company's Head Office building was illuminated in orange color and the awareness hashtag #kayıtsızkalmayın was reflected on the wall.
- A total of 1,000 books were donated to the village schools around the power plants through participation in the "Enerjimizle Geleceği Aydınlatıyoruz (We Enlighten the Future with Our Energy)" campaign.

- Conscious that one of the pillars of inclusive and sustainable social development is gender equality, to train "Gender Equality Trainers," 30 volunteer employees were provided with the training. In 2022, a significant progress has been realized in the training of all company employees on this subject. In the next stage, it is planned that this training will be carried out outside the Company's borders and training will be organized for teachers and students in the regions of operation in cooperation with KODA (Village Schools Exchange Network).
- With a focus on long-term sustainability, the company identifies areas of need, particularly training, in its regions of operation and contributes to meeting those needs through financial support. Some of the highlights are:
  - 500 books were sent to Saraykoy Sakarya Secondary School as a donation.
  - Renovation works have been carried out at Çivril Lütfiye Altaş Primary School and library.
  - Scholarship, internship, and post-graduate employment programs are carried out, together with Istanbul Technical University, Middle East Technical University, Pamukkale University, Kütahya Dumlupınar University, for acquiring a qualified workforce, the development of undergraduate students, and for these students to gain experience in business life.
  - An annual main sponsorship agreement was signed with Pamukkale University (PAU)- IEEE.
  - A total of 3 technology classes have been established in Kütahya Dumlupınar University, İmamoğlu Elementary, and Secondary Schools.
  - Cinema activities were held in Uşak with the participation of 2,500 students.

#### Social Projects in Surrounding Areas

Periodic communication with all stakeholders is maintained on-site every month by the "Public Relations Officers" at the power plants. Stakeholder suggestions collected through complaint and suggestion boxes are taken into account, evaluated, and quickly resolved. Aydem Renewables has also developed a Complaint Procedure covering both employees and the affected local community to manage complaints. In accordance with the procedure, stakeholders are identified and listed at local levels (Headmen). Complaint mailboxes have been placed in each headman's office, where residents can submit their complaints by filling out forms and putting them inside the box. The Company also receives updates on requests and suggestions from local communities thanks to the visits paid by professional teams to surrounding villages. Analyses are carried out following such visits, according to which social aid projects are implemented to improve the social lives of local communities with the Company's interactions in the surroundings of its plants. Social aid projects worth TL 1 million were conducted in 2022 thanks to analyses performed. The following projects were carried out in 2022:

- All activity areas of Büyüktoturak Village Elementary and Secondary Schools have been renovated.
- In the Büyüktoturak village, fire-extinguishing sprinklers' repair and maintenance were completed and they were made operational.
- The Company partnered with Zafer Development Agency's Investment Support Office in the same village for the natural life village project.
- The water retention capacity of Kozviran Lake in Büyüktoturak was increased, contributing to local communities drinking water stocks and agricultural activities.
- Büyüktoturak's Family Care Clinic was re-furnished and renovated. Diesel generators were procured for the health clinic and support was provided to address the healthcare needs of local communities.
- Access routes to lands in Büyüktoturak were improved and locals' access was facilitated.
- An SPP system was established for the drinking water of Çiftlik village, which contributed immensely to locals' water bills on an annual basis.
- Beds and airflow mattresses were procured for the Paşacık Village, supporting more effective treatment processes for the elderly and bedridden patients in the village.
- Seed selector and feed crushing machines were purchased and donated to Paşacık to support the local community's agricultural activities.
- Uşak Provincial Directorate for Agriculture and Forestry, Banaz District Directorate for Agriculture and Forestry, and Çiftlik Village's Development Cooperative joined forces to support the production of seeds for forage crops. This way, added-value agricultural crop production in the region was supported.
- All activity areas of Büyüktoturak Village Elementary and Secondary Schools have been renovated.

#### Volunteering and Social Awareness Efforts

In addition to developing authentic and innovative social responsibility projects, the Company always makes sure to join environmental and social collectives and initiatives, partner with volunteering non-governmental organizations in social and environmental projects, and be part of social activism. In this respect, the Company's building is lit up orange to draw attention to violence against women every year on November 25, International Day for the Elimination of Violence Against Women.

Acting in unity with volunteering organizations for social responsibility, Aydem Renewables will always support projects that touch people's lives and take part in joint projects. Accordingly, the Company aims to research the wildlife comprehensively in the regions where it operates, while developing projects to address animals' food and shelter requirements and lend support to the efforts of HAYTAP. Other planned activities for 2023 include the installation of book banks at the head office and plants and the delivery of books collected over a year to village schools identified. Support for LOSEV, as well as initiatives aimed at autism awareness, are also among the steps slated for the coming period.





## RESEARCH AND DEVELOPMENT ACTIVITIES

The assembly of a Control and Monitoring system (CMS) was completed at Söke WPP during the operating period.

With investments carried out with a focus on generating value, Aydem Renewables supports the clean energy transformation and sustainable development of our country and the world, while enhancing the efficiency of its operations. The Company strives to put efficiency at the center of all its operations to build a more sustainable future in our world where our natural resources are rapidly depleting.

Aydem Renewables, which is Türkiye's largest renewable energy company in terms of installed power and operates only in the field of renewable energy generation, continues to invest in reinforcement and efficiency without interruption. The company extends the life of the equipment used in all of its power plants by undertaking routine maintenance through its skilled maintenance and repair teams, who employ advanced, cutting-edge technologies. In 2022, efficiency performance in all power plants remained strong, while the availability rate for HPPs was 99.9% and for WPPs 99.5%.

The assembly of a Control and Monitoring system (CMS) was completed at Söke WPP during the operating period. Thanks to CMS launched in November 2021, control and monitoring of turbines are carried out around the clock. CMS assembly on 20 turbines was completed at Uşak WPP. The plan is to finalize the installation of CMS on the remaining 21 turbines and activate the systems by the end of 2023. CMS assembly works on the turbines of Yalova WPP will be performed in 2023, as well.

Meanwhile, a young, modern, and efficient plant portfolio helps cut the Company's repair & maintenance, and fortification costs, providing Aydem Renewables a remarkable competitive edge. In 2022, Aydem Renewables offered a sustainable solution to the fight against global warming by generating power with wind, which is a natural, renewable, clean, and infinite source. This is thanks to its competent maintenance team's dynamic interventions, accurate business plans, renewed equipment, and continuous monitoring and improvement efforts. Meanwhile, the Company also boosted generation efficiency at WPPs.

### Completed Efficiency Projects

Efforts geared towards improved plant efficiency continued in 2022 while the contributions of efficiency projects rolled out in 2021 were felt remarkably. Within this scope, the following actions have been taken:

**Lighting System Revision Project:** A "Lighting System Revision Project" was introduced to all plants, while existing lighting fixtures were replaced with more energy-efficient fittings. Fixtures were delivered to plants as of the end of the year.

**A++ Energy Transformation Project:** Under the "A++ Energy Transformation Project" conducted at some plants (Dalaman 1-2-3-4-5 HPP, Göktaş 1-2 HPP, Mentaş HPP, Toros HPP, Akıncı HPP, Çırakdamı HPP, Dereli HPP, Uşak WPP, Yalova WPP, Söke WPP, Geothermal), electric household appliances were replaced in 2022. The plan is to finalize this transformation at the remaining plants in 2023.

### Efficiency Projects by Plant:

**Toros HPP:** A new grate cleaning machine was installed in the headpond, preventing loss of energy arising from congested grates. As the continuation of the lake area cleaning efforts in the regulator in 2021, these efforts continued in 2022 as well.

**Koyulhisar HPP:** A grate cleaning machine was purchased for the headpond and an order was placed. The plan is to activate it in 2023 once the production is complete.

**Feslek HPP:** A grate cleaning machine was installed in the headpond, and production losses were prevented thanks to the effective cleaning of grates.

## INFORMATION TECHNOLOGIES

Cyber security works for the renewable energy business line continued, while apps to boost the security of infrastructure and technology were activated.

Promoting sustainable information technologies for sustainable generation, Aydem Renewables' IT focus for 2022 was information security and cyber security. The IT Department continued to develop digital transformation applications focusing on these two themes and introduce new apps corresponding to Company's technology requirements.

Cyber security works for the renewable energy business line continued, while apps to boost the security of infrastructure and technology were activated. The Company's compliance with regulations was improved thanks to the new apps; steps were taken to support the existing structure for information security, personal data protection, and privacy of corporate data.

The IT Department provided technology products required by this era to the Company's relevant business units through viable and right enterprise hardware and solutions by accurately analyzing end-user needs. End-user support was delivered through on-site and remote support 24/7 to prevent any interruption in processes.

Requirements of the Company's generation plants were also analyzed on the spot and business processes were internalized, making sure technology requirements and needs were accurately identified. Corporate applications and other efforts related to security and infrastructure were conducted.

Aydem Renewables' IT Department will shape its work with a focus on cyber security, uninterrupted communication, and sustainability while activating up-to-date apps to address technology needs and new digital transformation requests from business units and supporting all relevant stakeholders in 2023.

The department will monitor energy-related solutions that bring about benefits at a global scale, run activities for hardware, apps, and solutions beneficial for the Company, and provide support to the activation of globally-recognized operational apps at the Company's plants.

One objective of the IT Department is to maintain infrastructure improvements and introduce new security solutions, thereby raising the maturity level. It will also guarantee secure and uninterrupted communication between plants and head office units; provide hardware enabling business units to access their processes everywhere, and thus raise the added value it creates for the Company.



## BOARD OF DIRECTORS



**İDRİS KÜPELİ**  
Chairman

After completing his double-major in Finance and Business Administration from Florida International University in the U.S., he completed his MBA in the same fields at Miami University. Laurel Oak Financial Services was where he began his career. He worked as a Director at Morgan Stanley in the United States from 2005 to 2009, and then as a Project Director at NextEra Energy in Miami, Florida from 2009 to 2012. When he returned to Türkiye in 2012, he continued to work till 2014 as the Project Finance and Trade Director for TANAP's Trans-Anatolian Natural Gas Pipeline Project, which is one of the most important energy projects that Türkiye and Azerbaijan completed successfully. Then, he served as the Chief Investment Officer (CIO) of SOCAR Türkiye. As of 2018, Küpeli has been serving as the Chief Executive Officer (CEO) of Aydem Enerji and as the Chairman of Aydem Renewables.



**ÖMER FATİH KEHA**  
Vice Chairman and General Manager

A graduate of the Middle East Technical University, Department of Electrical and Electronics Engineering, Keha has over 10 years of experience in the industry. Ömer Fatih Keha began his career at Kalyon Group. In the following years, he held several executive positions in Adalı Holding and served as the General Manager for Adalı Renewables. Most recently, holding the position of General Manager Consultant at the Turkish Ministry of Energy and Natural Resources, Elektrik Üretim AŞ, Mr. Keha took important roles in terms of the initiation and management of Keban HPP and Karakaya HPP rehabilitation projects, and also in the EÜAŞ-TETAŞ merger. Keha took office as Aydem Renewables' General Manager in 2018.



**MEHMET GÖKAY ÜSTÜN**  
Board Member

Mr. Üstün, a graduate of Boğaziçi University Department of Economics, has 24 years of professional experience. Starting his career in Eksim Dış Ticaret A.Ş. as a trader in 1997, Mr. Üstün served as Chief Project Director at the Republic of Türkiye Prime Ministry Investment Support and Promotion Agency (ISPAT), Secretary-General at Thrace Development Agency, Vice General Manager at Eksim Investment Holding, and Chairman of the Board of Directors at Shanghai Eti Mining Chemicals Co. Lastly, Mr. Üstün, who served as the General Manager at MTA Uluslararası Madencilik A.Ş. (where he was the Chairman during the establishment phase), was appointed as a Board Member of Aydem Renewables in 2021.



**ASYA VUSLAT SALDANLI**  
Board Member

After completing her high school education in Denizli and receiving English education for one year at Mentora College in Washington, DC, Ms. Asya Vuslat Saldanlı graduated from George Mason University's Department of System Engineering. Ms. Asya Vuslat Saldanlı, who focused especially on operational research and renewable energy at school, made her graduation project on the development and optimization of a transportation network consisting of flying vehicles. After graduating in 2020, Saldanlı returned to Türkiye and joined Aydem Enerji. Asya Vuslat Saldanlı is currently active in various projects in the sub-companies of Aydem Enerji and she became a Board Member of the Company in December 2021.



**FATMA DİLEK BİL**  
Independent Member of the Board of Directors

Completing her high school education at Northport High School in the USA and her higher education in international finance and international marketing at the University of North Texas, Dilek Bil was active in the banking business in the fields of credit and marketing for American Express Bank, Koç-American Bank, BNP-AK-Dresdner and Societe Generale. Ms. Bil founded Kangaroo Communications and Consultancy company in 1994 and until 2012, she has provided strategic brand communication and creative advertising solutions to many national and international brands. She has been providing sustainable development consultancy to companies since 2012.

She is the founder of the Purpose-Sustainable Ideas platform and one of the partners of the Mentoro Platform. Integration of business strategies and sustainability strategies, communication with internal and external stakeholders, sustainability reporting, setting and measuring goals are among her focal points. She creates solutions that will pave the way for the business world in this regard. As of 2016, she is an Independent Member of the Board of Directors of Akmerkez REIT. She serves

as the Chairperson of the Risk Committee and a member of the Corporate Governance and Audit Committees.

She is also a Board Member of WWF Türkiye-DHKV. She is responsible for the management of corporate governance and risk issues. She is the Sustainability Consultant of the Board of Directors of the Turkish Clothing Industrialists' Association (TGSD) and is the founding mentor of the YOUNG TGSD-Sustainability Platform representing TGSD.

She is a member of UN Global Compact Türkiye and works in the Environmental Working Group. She has served as the President of KAGIDER (Women Entrepreneurs Association of Türkiye) and is a Member of the Supreme Advisory Board. She is the Chairperson of the Board of the "Accademia Italiana Della Cucina Istanbul," affiliated with the Italian Ministry of Culture. She works on the development of agriculture-based economies and gastro-economy between Italy and Türkiye.

She took part in the foundation of the Wine Friends Association in 1989 and has served as the Chairperson of the Board of Directors since January 2020. She has been carrying out works with the mission of developing vineyards and wine culture. She is a founding member of the Financial Literacy and Access Association (FODER) and has served as Vice-Chairperson of the Board of Directors for six years.

She is the Advisor of the 35<sup>th</sup> President of Galatasaray Sports Club. To draw attention to the importance of creating economic, social, and environmental benefits by integrating sustainability principles into business strategy in Türkiye, she has prepared and presented "Sürsün Bu Dünya!"® TV program on CNBC-e. She served as a member of the Executive Board of DEİK (Foreign Economic Relations Board of Türkiye) Turkish-British Business Council and took part in the establishment of the "Grow with Türkiye" platform. She is married to Faruk Bil and is the mother of Ömer Fuad.



## BOARD OF DIRECTORS



**SERPİL DEMİREL**  
Independent Member of the Board of Directors

Serpil Demirel holds a bachelor's degree in Metallurgical Engineering from the Middle East Technical University. Beginning her career in 1993 as a Sales Engineer at Doğa Madencilik, a subsidiary of Eczacıbaşı, Ms. Demirel continued to work as a Marketing and Sales Manager between 1999-2004. Ms. Demirel took on the roles of Domestic Sales Manager, Marketing Sales Manager, Marketing Sales Director, and Assistant General Manager at Esan respectively after the merging of Doğa Madencilik and Esan enterprises under Eczacıbaşı in 2004. She worked at Esan between January 1, 2015, and March 31, 2021, first as General Manager and then as CEO. Serpil Demirel was appointed as an Independent Board Member of the Company in June 2021.



**MEHMET HAYATİ ÖZTÜRK**  
Independent Member of the Board of Directors

Mehmet Hayati Öztürk holds a bachelor's degree in Chemical Engineering from Hacettepe University. He began his career in 1977 at Petkim, Türkiye's only large-scale petrochemical company, which has been traded on the stock exchange since 1990, and was appointed as Petkim's Assistant General Manager in charge of R&D, finance, projects, investments, planning, sales, and marketing after working in numerous positions here. He served as General Manager at Petkim between 2010-2012 and as a member of the board of directors between 2012-2015. Having worked as the CEO consultant of SOCAR Türkiye, the largest foreign investor in Türkiye, until August 2017, Mehmet Hayati Öztürk was appointed as the Independent Member of the Board of Directors of the Company in April 2020.



**ERSİN AKYÜZ**  
Independent Member of the Board of Directors

Ersin Akyüz completed his undergraduate and graduate studies in the Department of Economics at the London School of Economics and holds a master's degree in Finance (MBA) from the University of Chicago. In 1989, he began his career at Bankers Trust International Ltd in London and resumed his career at Morgan Stanley in London in 1996. After working at Deutsche Bank in London in 2005, he moved to Deutsche Bank Türkiye in 2008 as the CEO and Country Manager. Mr. Ersin Akyüz, who retired in 2019 after a 30-year banking career, was appointed as the Independent Member of the Board of Directors of the Company in April 2020.

**Aydem Renewables Board of Directors**

Name-Surname	Position/Duty	BD Resolution Serving as Basis for Election	Election Date	Position/Duty End Date
Aydem Holding A.Ş. Real Person Representative İdris Küpeli	Chairman	Board Resolution Dated 09.04.2020 Numbered 16	16.04.2020	03.04.2023
Ömer Fatih Keha	Vice Chairman	Board Resolution Dated 09.04.2020 Numbered 16	16.04.2020	03.04.2023
Mehmet Gökay Üstün	Board Member	Board Resolution Dated 16.09.2021 Numbered 30	30.09.2021	03.04.2023
Asya Vuslat Saldanlı	Board Member	Board Resolution Dated 20.12.2021 Numbered 41	24.12.2021	03.04.2023
Fatma Dilek Bil	Independent Board Member	Board Resolution Dated 10.06.2021 Numbered 18	11.06.2021	03.04.2023
Serpil Demirel	Independent Board Member	Board Resolution Dated 10.06.2021 Numbered 18	11.06.2021	03.04.2023
Mehmet Hayati Öztürk	Independent Board Member	Board Resolution Dated 09.04.2020 Numbered 16	16.04.2020	03.04.2023
Ersin Akyüz	Independent Board Member	Board Resolution Dated 09.04.2020 Numbered 16	16.04.2020	03.04.2023

In 2022, 39 Board of Directors meetings were held, and the attendance at the meetings was 100%.

## BOARD OF DIRECTORS

The duties assumed by the Board Members and executives outside the company are as follows:

Name-Surname	Person Acting on Behalf of a Legal Entity Member	Gender	Duty	Profession	Date of First Election to the Board of Directors	Executive or Not	Duties Assumed at the Company in the Past 5 Years	Current Assignments Outside the Company	Having At Least 5 Years of Experience in Auditing, Accounting, and/or Finance or Not	Share in Capital (%)	Share Group Represented	Independent Board Member or Not	Link to the PDP Announcement Containing the Statement of Independence	Whether the Independent Member has been Evaluated by the Nomination Committee or Not	Whether There Are Members Losing Independence or Not	Committees and Positions
AYDEM HOLDİNG ANONİM ŞİRKETİ	İDRİS KÜPELİ	Male	Chairman	Manager	3.04.2020	Executive	Chairman	Chairman of the Board of Directors: (i) GDZ Enerji Yatırımları A.Ş. (Representing Aydem Holding A.Ş.), (ii) Aydem Elektrik Perakende A.Ş. (Representing Aydem Holding A.Ş.), (iii) Parla Solar Panel ve Hücre Üretim A.Ş. (Representing Aydem Holding A.Ş.), (iv) Extranet İletişim Hizmetleri A.Ş. (Representing Aydem Holding A.Ş.), (v) Gediz Elektrik Perakende Satış A.Ş. (Representing Aydem Holding A.Ş.), (vi) Aydem Enerji Yatırımları A.Ş. (Representing Aydem Holding A.Ş.), (vii) Ege Perakende Enerji Satış A.Ş. (Representing Aydem Holding A.Ş.), (viii) YF Operasyonel Kiralama A.Ş. (Representing Aydem Holding A.Ş.), (ix) Akköprü Yenilenebilir Enerji A.Ş. (Representing Aydem Holding A.Ş.), (x) Parla Enerji Yatırımları A.Ş. (Representing Aydem Holding A.Ş.), (xi) ADM Energy Elektrik Yatırımları A.Ş. (Representing Aydem Holding A.Ş.), Vice Chairman of the Board of Directors: (i) Elsan Elektrik Gereçleri Sanayi ve Ticaret A.Ş. (Representing Aydem Holding A.Ş.), Member of the Board of Directors: (i) Aydem Holding A.Ş. - CEO	Yes	81.56	A	Not Independent Member	-	-	-	Investment Committee Chairman
ÖMER FATİH KEHA		Male	Vice Chairman	Electrical engineer	3.04.2020	Executive	Vice Chairman of the Board of Directors - General Manager	Chairman of the Board of Directors: (i) Sarı Perakende Enerji Satış ve Ticaret A.Ş., Vice Chairman of the Board of Directors (i) Akköprü Yenilenebilir Enerji A.Ş.	Yes	-	A	Not an Independent Member	-	-	-	Investment Committee Member - Environment OHS Continuity Committee Member
MEHMET HAYATİ ÖZTÜRK		Male	Board Member	Chemical Engineer	3.04.2020	Non-Executive	Independent Member of the Board of Directors	-	Yes	-		Independent Board Member	<a href="https://www.kap.org.tr/tr/Bildirim/1007608">https://www.kap.org.tr/tr/Bildirim/1007608</a>	Not evaluated	No	Investment Committee Member - Audit Committee Member - Corporate Governance Committee Chairman - Early Detection of Risk Committee Chairman - Environmental OHS Continuity Committee Member
ERSİN AKYÜZ		Male	Board Member	Manager	3.04.2020	Non-Executive	Independent Member of the Board of Directors	-	Yes	-		Independent Board Member	<a href="https://www.kap.org.tr/tr/Bildirim/1007608">https://www.kap.org.tr/tr/Bildirim/1007608</a>	Not evaluated	No	Investment Committee Member - Audit Committee Chairman - Corporate Governance Committee Member - Early Detection of Risk Committee Member - Environment OHS Continuity Committee Member
SERPİL DEMİREL		Female	Board Member	Engineer	10.06.2021	Non-Executive	Independent Member of the Board of Directors	-	Yes	-		Independent Board Member	<a href="https://www.kap.org.tr/tr/Bildirim/1007608">https://www.kap.org.tr/tr/Bildirim/1007608</a>	Not evaluated	No	Corporate Governance Committee Chairperson - Early Detection of Risk Committee Member - Investment Committee - Environment OHS Continuity Committee Member - Audit Committee Member
FATMA DİLEK BİL		Female	Board Member	Manager	10.06.2021	Non-Executive	Independent Member of the Board of Directors	Founder of the Purpose-Sustainable Ideas platform, Mentoro Platform partner, Akmerkez GYO Independent Board Member, WWF Türkiye-DHKV Board Member, Turkish Clothing Manufacturers Association (TGSD) Board Sustainability Consultant, Member of UN Global Compact Türkiye, Member of KAGIDER (Women Entrepreneurs Association) High Advisory Board, Chairperson of the Board of Accademia Italiana Della Cucina Istanbul, President of the Wine Friends Association, Founding Member of FODER (Financial Literacy and Access Association)	Yes	-		Independent Board Member	<a href="https://www.kap.org.tr/tr/Bildirim/1007608">https://www.kap.org.tr/tr/Bildirim/1007608</a>	Not evaluated	No	Environment OHS Continuity Committee Chairperson - Audit Committee Member - Corporate Governance Committee Member - Early Detection of Risk Committee Member - Investment Committee Member
MEHMET GÖKAY ÜSTÜN		Male	Board Member	Manager	16.09.2021	Non-Executive	Member of the Board	Chairman of the Board (i) Gediz Enerji Yatırımları A.Ş.(Representing Gediz Enerji Yatırımları A.Ş.), Vice Chairman of the Board (i) Parla Enerji Yatırımları A.Ş., (ii) ADM Energy Elektrik Yatırımları A.Ş., Member of the Board (i) GDZ Enerji Yatırımları A.Ş., (ii) Extranet İletişim Hizmetleri A.Ş., (iii) YF Operasyonel Kiralama A.Ş., (iv) Aydem Enerji Yatırımları A.Ş., (v) Elsan Elektrik Gereçleri San. ve Tic. A.Ş., (vi) Çates Elektrik Üretim A.Ş., (vii) Yatağan Termik Enerji Üretim A.Ş., (viii) Aydem Elektrik Perakende Satış A.Ş., (ix) Ege Perakende Enerji Satış ve Ticaret A.Ş., (x) Gediz Elektrik Perakende Satış A.Ş.	Yes	-	A	Not an Independent Member	-	-	-	
ASYA VUŞLAT SILDANLI		Female	Board Member	Engineer	20/12/2021	Non-Executive	Member of the Board	Aydem Holding A.Ş. Systems Engineer	No	-	A	Not an Independent Member	-	-	-	



## STATEMENTS OF INDEPENDENCE

I hereby state that I have complied with the independence criteria stated below within the scope of Article 4.3.6 of the Corporate Governance Communiqué Annex No. II-171 of the Capital Markets Board and that I will serve as an independent member of the Board of Directors of

### AYDEM YENİLENEBİLİR ENERJİ A.Ş.

I hereby state that

between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities within the last five years; I did not hold 5% or above of their shares, voting rights or privileged shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

I have not worked in an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services within the last five years;

I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake because I become an independent board member;

I will not be a full-time employee of public institutions and organizations upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,

I am considered a resident in Türkiye according to the Income Tax Law no.193 dated 31/12/1960,

I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

I will make sufficient time for keeping track of the company's activities and for fully performing my duties on behalf of the company,

I have not been a member of the Board of Directors of the company for more than six years in total within the last decade,

I am not serving as an independent board member on more than three companies, which are controlled by the company or by shareholders having management control over the company, and on not more than five listed companies in total,

I am not registered and announced as a Board Member representing a legal entity

and I solemnly declare the issues listed above.

**SERPİL DEMİREL**

Independent Member of the Board of Directors

I hereby state that I have complied with the independence criteria stated below within the scope of Article 4.3.6 of the Corporate Governance Communiqué Annex No. II-171 of the Capital Markets Board and that I will serve as an independent member of the Board of Directors of

### AYDEM YENİLENEBİLİR ENERJİ A.Ş.

I hereby state that

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and I solemnly declare the issues listed above.

**FATMA DİLEK BİL**

Independent Member of the Board of Directors

I hereby state that I have complied with the independence criteria stated below within the scope of Article 4.3.6 of the Corporate Governance Communiqué Annex No. II-171 of the Capital Markets Board and that I will serve as an independent member of the Board of Directors of

### AYDEM YENİLENEBİLİR ENERJİ A.Ş.

I hereby state that

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I have not worked in an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services within the last five years;

I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake because I become an independent board member;

I will not be a full-time employee of public institutions and organizations upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,

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I am not registered and announced as a Board Member representing a legal entity

and I solemnly declare the issues listed above.

**ERSİN AKYÜZ**

Independent Member of the Board of Directors

I hereby state that I have complied with the independence criteria stated below within the scope of Article 4.3.6 of the Corporate Governance Communiqué Annex No. II-171 of the Capital Markets Board and that I will serve as an independent member of the Board of Directors of

### AYDEM YENİLENEBİLİR ENERJİ A.Ş.

I hereby state that

between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities within the last five years; I did not hold 5% or above of their shares, voting rights or privileged shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

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I am not registered and announced as a Board Member representing a legal entity

and I solemnly declare the issues listed above.

**MEHMET HAYATİ ÖZTÜRK**

Independent Member of the Board of Directors

## ASSESSMENT OF THE BOARD OF DIRECTORS

### Messages from the Management, Risks, and Opportunities

As Aydem Renewables, we use internationally recognized risk management principles in our risk management processes and fully comply with the Corporate Governance Principles regulation of the Capital Markets Board. In Aydem Renewables, we implement a reliable risk management mechanism in all our investment decisions and processes, and we evaluate all risks and opportunities comprehensively by integrating risk management into the entirety of our activities and strategic planning. We ensure that our strategic decisions and operational activities stay within the limits of our risk appetite, and we manage all risk factors that may negatively affect our Company and our stakeholders, including financial performance and reputation, in the most effective way possible, thanks to our risk awareness, which has become ingrained in all our processes and units. We regularly review the Company's risk management policies and systems to identify and analyze potential risks, set appropriate risk limits, and establish risk controls, and monitor risks relative to the relevant limits.

The Board of Directors is responsible for establishing the plans and policies regarding risk management activities at Aydem Renewables. The Board of Directors has assigned the Early Detection of Risk Committee to manage risks effectively. The Committee has non-executive members of the Board of Directors, and it is managed by an independent board member. The Early Detection of Risk Committee convenes periodically at least four times a year and more frequently if deemed necessary. Aydem Renewables' Energy Risk Management Policy has been approved by the Board of Directors. Aydem Renewables' risk management strategy sets out the general principles and management principles of the risk management framework. The risk management manager or the legal and compliance manager of the Company shall be responsible for creating supporting documentation in line with the Risk Management plan and policies and implementing risk management activities. In addition, risk management has been fully integrated into Aydem Renewables' daily operations and strategic planning to make faster decisions and take quick action under volatile and competitive market conditions.

Aydem Renewables strives with the belief that protecting our Company's assets and values in the long term, ensuring sustainable financial performance, competitiveness, and growth, protecting the interests of all our stakeholders, and effective management of financial and non-financial risks can be achieved. Risks are evaluated for their reputational consequences, their implications on supervisory and regulatory agencies, their effects on employees, and their effects on our value chain, in addition to their financial effects. As Aydem Renewables, we use internationally recognized risk management principles in our risk management processes and fully comply with the Corporate Governance Principles regulation of the Capital Markets Board.

As Aydem Renewables, we implement a reliable risk management mechanism in all our investment decisions and processes, and we evaluate all risks and opportunities comprehensively by integrating risk management into the entirety of our activities and strategic planning. We ensure that our strategic decisions and operational activities stay within the limits of our risk appetite, and we manage all risk factors that may negatively affect our Company and our stakeholders, including financial performance and reputation, in the most effective way possible, thanks to our risk awareness, which has become ingrained in all of our processes and units.

Thanks to our pioneering role in renewable energy generation in our country, we benefit from legal regulations and incentives that support clean energy and we evaluate the opportunities offered by these regulations in no time. Within this context, as an indication of our prudent and well-directed investments in the past, 79,64% of our total net generation amount in 2022, which we obtained from renewable energy sources, has been subject to the Renewable Energy Resources Support Mechanism (YEKDEM), the most important incentive program in our country, created to encourage rapid growth in renewable energy generation and offering a 10-year dollar-indexed purchase guarantee. In this way, we have generated 79,93% of our 2022 revenues with fixed pricing indexed to the dollar. In this context, we manage our exchange rate risk.

To manage operational risks, we regularly conduct structural, hydraulic, geological, and topographic controls at our power plants; we prepare and implement our action plans, and we constantly monitor and analyze wind data at our power plants with our technical teams. For the realization of our sustainable financial success target; thanks to our regular maintenance, all efficiency-enhancing effective reinforcement, rehabilitation works, and investments, our availability ratio, which represents the ratio of the time when the power plant is ready to generate energy, which is one of the most important indicators of energy generation efficiency, to the maximum time that the relevant power plant can theoretically generate energy, was 99,6%, well above the sector average. As Aydem Renewables, we have modern power plants equipped with high-quality and long-lasting equipment and machinery. We are exposed to lower maintenance costs due to our portfolio of young power plants and the ongoing upgrades we make to our equipment and systems. We consider this as a strategic advantage while also believing that technology will be crucial in achieving our low-carbon economy transition plans and climate goals. As Aydem Renewables, we implement our environmental and social management plans prepared for all our power plants and regularly check our practices.

Moreover, we know that the new incentive mechanism, which has been established through legislation to support hybrid power plants that generate renewable energy resources in Türkiye in 2020, is a great opportunity for us to achieve positive results in the short- and medium-term. With this mechanism, which enables companies to build new generation facilities on their existing premises and

use the capacity in the license of the existing facilities in this new generation facility, we aim to be able to benefit from more than one renewable energy source in a single power plant, avoid the negative consequences of climate change, and raise our efficiency, total net generation, and revenues dramatically.

### Assessment of the Board of Directors on the Internal Audit and Control System and the Activities Conducted in this Scope

The internal audit and control activities conducted within Aydem Renewables have a systematic structure designed to evaluate whether risk management, financial reporting, control, and governance processes are carried out effectively, adequately, efficiently, and in compliance with current legal and internal regulations, and the information systems are managed securely and reliably. The Internal Audit Function, which conducts its activities within this scope with a risk-oriented approach, reports its efforts to the Audit Committee, which consists of independent members, to provide reasonable assurance to the Board of Directors, shareholders, and other stakeholders and acts as an independent and objective assurance function that derives its authority from the Board of Directors of the company through the Audit Committee. The Internal Audit function oversees proper identification, adequate and efficient fulfillment of the objectives for compliance with the ethical rules and working principles defined within the company and conducts activities in its area of responsibility.

Accordingly, as per the Audit Plan for 2022, centralized and on-site internal audit activities were conducted within the Company. It has been observed that the audit and control activities can provide a reasonable level of assurance to the risk management, internal control, and governance processes. Agreements have been reached with the Management on actions that will ensure the improvement of individual control deficiencies identified during audits. It was monitored periodically whether the said actions were implemented on time or not.

### Assessment of the Board of Directors on Financial and Operational Results

As a result of great efforts and dedicated work, our company was put up for public offering on April 29, 2021, and started trading on BIST - Yıldız Market, and this was recorded as the largest IPO in the last three years with a size of TL 1.3 billion.

In addition, the sale and issuance of US\$ 750 million of bonds with a maturity of 5.5 years abroad were completed on August 2, 2021. The credit debts of the Company to the banks have been fully repaid with the amount obtained from the bond issuance. The remaining amount is planned to be used within the next 3 years in line with the target to increase the Company's installed power by 2 times. With this successful bond issuance, which involved the leading fund institutions around the world, the Company will not make any principal payments for three years, and this fund will also be used in investments.

As of March 20, 2021, the Company has adopted a cash flow risk hedge accounting practice to ensure a better financial performance and more accurate reflection of operational results.

Moreover, as a result of the fair valuation of the power plants after the changes in economic conditions and the increase in investments in 2022, the total asset size increased by 57% compared to 2021. The change in the fair value of the plants positively affected the shareholders' equity.

There has been a 38% increase in electricity generation compared to 2021, and the turnover in 2022 increased by 207% compared to 2021 reaching TL 3.8 billion. With the positive contribution of effective portfolio management and keeping the availability rates of power plants high, our EBITDA was TL 3,472 million, and the period was closed with a profit of TL 1,018 million.

While the Company's net financial debt was TL 8.5 billion (USD 640 million) in 2021, it amounted to TL 11.5 billion (USD 617 million) in 2022 due to an increase in exchange rates and bond issuance. When the net financial debt/EBITDA ratio is analyzed in dollars, this ratio, which was 6.2 at the end of 2021, stood at 2.9 at the end of 2022.

### Assessment of the Board of Directors on the Committees

There are five committees within the Board of Directors, namely the Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee, Investment Committee, and Sustainability, Environment, Occupational Health and Safety Committee.

The Audit Committee meets at least four times a year and at least once every three months, the Corporate Governance Committee at least four times a year, the Early Detection of Risk Committee at least seven times a year, the Investment Committee quarterly, and the Sustainability, Environment, Occupational Health and Safety Committee quarterly.

Committees made recommendations and presentations to the Board of Directors in line with the decisions taken by meeting within the framework of working principles, pursuant to the meeting agendas established within the scope of their purposes and duties.

Further information on committees can be found at <https://www.aydemyeniilebilir.com.tr/info/88/committees> on the Company's website.



## SENIOR MANAGEMENT



**ÖMER FATİH KEHA**  
Vice Chairman and General Manager  
His resume is on page 106.



**HAMDİ ALP**  
Assistant General Manager of Financial Affairs (CFO)  
Hamdi Alp holds a bachelor's degree in Public Administration from the University of Trakya. Hamdi Alp started his career as Cost Control Supervisor in Reysas A.Ş. between January 2001 and December 2004. He worked as a Budget and Cost Control Specialist at Dünya Göz Hospital between July 2005 and October 2006 and as Deputy Financial Affairs Group Manager at Medical Park Hospital from October 2006 to July 2009. From July 2009 to October 2016, Hamdi Alp was the Financial Affairs Manager at Akfel Holding, and from September to May 2018, he served as the Financial Affairs Director at Isystems Industry. Hamdi Alp, who took the position of Financial Affairs Group Manager at Aydem Holding in October 2018, started to work as the Company's Financial Affairs Director in August 2019. He was assigned as the Company's CFO in March 2020.



**ADNAN CAN**  
Operations Director  
Adnan Can is a graduate of the Karadeniz Technical University, Department of Electrical-Electronics. Can who began his career at EÜAŞ in 1990, worked in various managerial positions. Adnan Can was assigned as the Operations Director of Aydem Renewables in 2019.



**HÜSEYİN GÜNLÜ**  
Project and Maintenance Director  
Hüseyin Günlü holds a bachelor's degree in Mechanical Engineering from Gaziantep University. Beginning his career as the site chief of Batman Dam and HPP in 1995; as the Construction Site Chief at Karkamış Dam and HPP from December 1997 to February 1999, and then as a Calibration Specialist at TSE-Sojustest Metrology and Calibration company from March 1999 to November 2001, Günlü served as a Mechanical Maintenance Specialist Engineer at Petkim Petrokimya Holding A.Ş. between November 2001 and August 2008. Between August 2008 and August 2009, he worked as a senior mechanical maintenance engineer at BOTAŞ Petroleum Pipeline Company. In August 2009, Günlü rejoined Petkim Petrokimya Holding A.Ş., where he previously worked as a mechanical maintenance specialist engineer. After working here as the Central Workshop Manager until November 2011, he was appointed as the Mechanical and Construction Support Manager and held this position between November 2012 and October 2016. Working as Project Manager at PSG Engineering and Construction between May 2017 and October 2018, Günlü then served as Project and Factory Manager at Salt Project Makine between October 2018 and February 2019. Günlü has been working as the Maintenance and Project Director at the Company since February 2019.

### Top Management

Name-Surname	Duty	Profession	Duties Assumed at the Company in the Past 5 Years	Latest Duties Assumed Outside the Company
ÖMER FATİH KEHA	Vice Chairman of the Board of Directors and General Manager	Electrical Engineer	Vice Chairman of the Board of Directors and General Manager	Chairman of the Board of Directors: (i) Sarı Perakende Enerji Satış ve Ticaret A.Ş., Vice Chairman of the Board of Directors (i) Akköprü Yenilenebilir Enerji A.Ş.
HAMDİ ALP	Assistant General Manager of Financial Affairs (CFO)	Certified Public Accountant	Board Member -Assistant General Manager of Financial Affairs (CFO)	Chairman (i) Bereket Elektrik Tedarik A.Ş., Vice Chairman of the Board of Directors: (i) Aydem Yapı Gayrimenkul Yatırımları A.Ş. (Representing Aydem Holding A.Ş.), Member of the Board of Directors: (i) Tümaş Mermer Sanayi ve Ticaret A.Ş. (representing Aydem Holding A.Ş.), (ii) Bereket Havacılık A.Ş., (iii) Akköprü Yenilenebilir Enerji A.Ş.
ADNAN CAN	Operations Director	Electrical Engineer	Operations Director	
HÜSEYİN GÜNLÜ	Maintenance and Project Director	Mechanical Engineer	Maintenance and Project Director	

## COMMITTEES AND POLICIES

### Committees

In accordance with the relevant legislation, five committees, namely the Audit Committee, the Corporate Governance Committee, the Early Detection of Risk Committee, the Investment Committee, and the Sustainability, Environment, Occupational Health and Safety Committee, were established within the company as per the resolution of the board of directors dated July 6, 2020, and numbered 2020/27.

Details on job descriptions and working principles of the committees are given below. In accordance with the Articles of Association, changes in the working principles of the committees are subject to the approval of the Board.

### Audit Committee

The Audit Committee fulfills the duties and responsibilities outlined in the operating principles and assumes the duties assigned to it by the Articles of Association and the Communiqué on Corporate Governance. The main purpose of the Audit Committee is the monitoring of the Company's accounting system and practices, the operation of the internal control system, and the public disclosure of financial information about the Company, the effectiveness of the Company's internal audit and independent audit activities and the Company's compliance with the relevant legislation and corporate ethical rules.

The Audit Committee consists of at least two members and the Audit Committee members are elected from among the independent members of the Board of Directors. At least one of these members must have five years of experience in auditing/ accounting and finance. If any of the Committee members resign from the Board of Directors or loses his or her status as an independent member due to capital market legislation, the Committee membership will be terminated as well. Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected to the Audit Committee with the Board resolution dated 6 July 2020 and numbered 2020/27. Independent Board Members Serpil Demirel and Fatma Dilek Bil were elected to the Audit Committee with the Board resolution dated 30 June 2021 and numbered 2021/21. The Chairman of the Audit Committee is Ersin Akyüz.

The members of the Audit Committee and the Chairman of the Committee are determined by the board of directors. The term of office shall not exceed three years and the Committee members whose terms have expired may be reassigned.

The Audit Committee meets with the absolute majority of its members and makes decisions with the majority of the members present at the meeting. Except for the cases where it meets urgently within the framework of the Principles Regarding Related Party Transactions, the Audit Committee convenes

at least four times a year, at least once every three months. The Audit Committee meetings are held at the Company headquarters or at another location where Audit Committee members are present, before each planned board meeting, in accordance with the scheduling of the meetings of the board of directors as far as possible.

The Audit Committee records all of its works and reports to the Board of Directors in writing, including information on the Audit Committee's operations and the results of Audit Committee meetings, and immediately reports any findings and recommendations related to its field of duty and responsibility to the Board of Directors in writing. Minutes of the Audit Committee meetings are approved by the Committee members and kept along with the Committee resolutions.

The Company's Internal Audit Executive or a member appointed by the Committee will report to the Chairman of the Committee and assume the responsibility of Rapporteur. The Rapporteur submits the meeting agenda and related documents to committee members before the meeting. The Rapporteur makes sure that the people requested by the Chairman to attend the meeting are participating. S/he writes down the minutes and resolutions of the Meeting and circulates them to the relevant parties.

The secretariat of the board is responsible for organizing the meetings and distributing the meeting minutes to the members of the board of directors and maintaining the resolutions in the minute book.

No one but the Committee members may attend the Committee meetings unless invited by the Chairman of the Committee.

The Audit Committee performs the following tasks, not limited to:

- Obtaining the opinions of the executives of the Company and the independent auditors regarding the conformity of the annual and interim financial statements (including footnotes) to be disclosed to the public with the accounting principles implemented by the Company and the truth as well as the accuracy thereof and communicating the same to the Board of Directors in writing together with its own assessments;
- The Committee monitors selection of independent audit companies, preparation of independent audit contracts, the launch of the independent audit process, and all activities of independent audit companies at any phase.
- The independent audit company and the services to be provided by such company shall be determined by the Audit Committee and submitted to the approval of the board of

directors for submission to the opinion of the Company's shareholders. The Audit Committee receives a written statement from the independent external auditor confirming that it is independent in the audits. The Committee reports to the Board of Directors its assessment of any elements that may threaten the independence of the external auditor before the selection of the independent auditor is proposed to the Board of Directors.

- It oversees the fulfillment of the obligation to share any significant issues of the independent external auditor regarding the accounting policy and practices of the company, alternative practices and public disclosure options within the framework of the relevant accounting standards and accounting principles previously communicated to the Company management, their possible consequences and implementation proposal, and important correspondence between the company management, with the Committee.
- It is obliged to organize extraordinary meetings to examine the terms and conditions of each non-continuous related party transaction exceeding 3% of the company's gross profit in the previous year's profit and loss statement or total assets in the previous year's balance sheet and to present a report to the board of directors regarding each non-continuous related party transaction exceeding the said limit.
- The Audit Committee approves the receipt of this independent valuation report and ensures that references to this independent valuation report are included in the Audit Committee report, in cases where the Corporate Governance Communiqué or other relevant rules and regulations require the preparation of an independent valuation report.
- At its meetings following the publication of the related quarter financial statements, it examines related party transactions performed in accordance with a continuous related party transaction that has received annual approval during this period. After its annual review of related party transactions, it submits a report to the board of directors.
- Guarantees that the internal audit activity operates independently and impartially. Continually reviews internal audit responsibilities, resources, activities, and performance. Reviews and approves the regulations and procedures that define the internal audit authorities, responsibilities, and processes. It reviews and approves internal audit organization, working principles, annual audit plan, and possible updates on these issues.
- Oversees the difficulties that may be encountered in the performance of internal audit activities, including the restrictions on access to the necessary information within the scope of audit principles. Reviews the reports, findings, actions, and action status prepared by the Internal Audit Unit.
- Submits its opinions and suggestions on the internal control system to the Board of Directors, taking into account the notifications made by the Company's senior management and the independent external auditor.
- Ensures that all necessary measures are taken to ensure that both internal audit and independent external audit are carried out sufficiently and transparently.

- Reviews and implements ethically inappropriate transactions, policies, and procedures for abuse. Supervises the establishment of necessary mechanisms for the submission of relevant issues to the committee.
- Observes compliance with internal regulations to prevent conflicts of interest that may arise between the members of the Board of Directors, senior management, or other related parties, and the misuse of information that may affect the value of company shares or are within the scope of trade secrets.
- Receives reports on the regulations as part of legislative compliance from the Legal and Compliance Advisory of the Company.
- When necessary, evaluates the behavior of the officials who take on important duties in the company's accounting or internal control system, in violation of the regulations specified here together with the internal audit unit and independent audit company, and shares its findings and recommendations with the Board of Directors.
- The Audit Committee determines the methods and criteria to be applied in examining and concluding the complaints received by the company regarding the company's accounting and internal control system and independent auditing, and evaluating the reports of the company employees regarding the accounting and independent auditing of the company within the framework of the confidentiality principle.
- Assumes other duties and responsibilities that fall within its purview at the request of the Board of Directors.
- Assesses the efficacy of the risk management system implemented within the company, by sharing information and cooperating with other committees created by the board of directors.
- In case the company's shares are offered to the public, it is obliged to prepare a report containing evaluations about whether the assumptions taken as a basis in determining the public offering price have been realized, and if not, the reason within ten business days following the public disclosure of the financial statements for two years after the relevant shares start to be traded on the stock exchange.

The resolutions of the Audit Committee are only advisory for the Board of Directors; the work and recommendations of the Committee do not absolve the Board Members from their responsibilities arising from the TCC. The Board of Directors provides the necessary resources and support for the Audit Committee to perform its duties and responsibilities. The Audit Committee may obtain information from the Company's executives and employees (if necessary, within the scope of confidentiality) and invite relevant persons to the Committee meetings if deemed necessary or related to the issues subject to its review. The Audit Committee may also capitalize on independent experts' opinions on required issues concerning its activities.



## COMMITTEES AND POLICIES

### Corporate Governance Committee

The Corporate Governance Committee fulfills the duties and responsibilities outlined in the operating principles and undertakes the duties assigned to it as per the Articles of Association and the Communiqué on Corporate Governance. The main purpose of the Corporate Governance Committee is to assist the Board of Directors in complying with corporate governance principles, including investigations in case of non-compliance with corporate governance principles and identifying conflicts of interest, overseeing the investor relations unit, and fulfilling the duties entrusted to the Nomination Committee and Remuneration Committee.

The Corporate Governance Committee consists of at least three members that are members of the Board of Directors or are not members but have expertise in their fields. The Chairman of the Corporate Governance Committee is elected from among independent members of the Board of Directors.

The majority of committee members are elected from among non-executive Board Members. The manager of the investor relations unit is a natural member of the Corporate Governance Committee. With the Board Resolution dated 6 July 2020 and numbered 2020/27, Board Member Serdar Marangoz, Independent Board Members Mehmet Hayati Öztürk, and Ersin Akyüz were elected to the Corporate Governance Committee. In the same resolution, it was decided that the Investor Relations Unit Manager takes part in the committee after his/her appointment. Independent Board Members Serpil Demirel and Fatma Dilek Bil were elected to the Corporate Governance Committee with the Board Resolution dated 30 June 2021 and numbered 2021/21.

It has been decided with the resolution of the Board of Directors dated 16.09.2021 and numbered 2021/30, to accept the resignation of Board Member Serdar Marangoz from the Board of Directors and the Early Detection of Risk and Investment Committees, to which he was appointed with the resolution of the Board of Directors dated 06 July 2020 and numbered 2020/27.

As of 31.12.2021, the members of the Corporate Governance Committee are Independent Board Members Mehmet Hayati Öztürk, Ersin Akyüz, Serpil Demirel, Fatma Dilek Bil and Investor Relations Unit Manager Mehmet Yusuf Güngör as a natural member. Serpil Demirel is the Chairperson of the Corporate Governance Committee.

The members of the Corporate Governance Committee are determined by the Board of Directors. The term of office shall not exceed three years and the Committee members whose terms have expired may be reassigned.

The members of the Corporate Governance Committee are elected from among the non-executive members, if possible. Specialists in fields such as accounting, finance, auditing, law and management may serve in the Corporate Governance Committee.

The Corporate Governance Committee convenes at least four times a year, as often as required for the efficacy of the activities, at the company's headquarters or in another location where the Committee members are present. The timing of the Corporate Governance Committee meetings shall be in alignment with the timing of the Board meetings to the extent possible.

The Corporate Governance Committee meets with the absolute majority of its members and makes decisions with the majority of the members present at the meeting.

The Corporate Governance Committee makes all the work it has done in writing, keeps a record of them, and reports to the Board of Directors to include information about the Committee's work and the results of the Committee meetings. The Corporate Governance Committee immediately reports in writing any findings and suggestions regarding its areas of duty and responsibility, to the Board of Directors. Minutes of the Corporate Governance Committee meetings are approved by the Committee members and kept along with the Committee resolutions. The minutes are shared with the members before the next meeting, and official approval is obtained at the next meeting.

The Company's investor relations unit manager or a member appointed by the Committee will report to the Chairman of the Committee and assume the responsibility of the Rapporteur. The Rapporteur submits the meeting agenda and related documents to committee members before the meeting. The Rapporteur makes sure that the people requested by the Chairman to attend the meeting are participating. S/he writes down the minutes and resolutions of the Meeting and circulates them to the relevant parties.

The Secretariat of the Board is responsible for organizing the meetings and distributing the meeting minutes to the members of the Board of Directors and maintaining the resolutions in the minute book.

The Corporate Governance Committee performs the following tasks, not limited to:

- Preparing proposals for the appointment of Board Members,
- Ensuring the effectiveness and independence of the Board of Directors members within the scope of corporate governance principles,

- Ensuring the adoption and implementation of corporate governance principles in the Board of Directors
- Providing coordination and supervision for corporate governance assessment and rating activities,

### Early Detection of Risk Committee

The Early Detection of Risk Committee fulfills the duties and responsibilities outlined in the operating principles and also assumes the duties assigned to it by the Articles of Association and the Communiqué on Corporate Governance. The main purpose of the Early Detection of Risk Committee is the implementation of appropriate risk management strategies in the early detection of risks that may endanger the existence, development, and continuity of the Company, assisting the Board of Directors in establishing an expert committee for risk management, and fulfillment of other duties assigned to it by the legislation.

The Early Detection of Risk Committee is composed of at least two members. If the Early Detection of Risk Committee has two members, both members, and if there are more than two members, the majority of the members shall be elected from among the non-executive members of the Board of Directors. The chairman is elected from among independent members of the Board of Directors. Experts who are not members of the Board of Directors may be included in the committee. With the Board of Directors Resolution dated 6 July 2020 and numbered 2020/27, Board Member Serdar Marangoz, Board Member Galip Ayköse, Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected to the Early Detection of Risk Committee. Independent Board Members Serpil Demirel and Fatma Dilek Bil were elected to the Early Detection of Risk Committee with the Board of Directors Resolution dated September 30, 2021, and numbered 2021/21.

It has been decided with the resolution of the Board of Directors dated 16.09.2021 and numbered 2021/30, to accept the resignation of Board Member Serdar Marangoz from the Board of Directors and the Early Detection of Risk and Investment Committees, to which he was appointed with the resolution of the Board of Directors dated 06 July 2020 and numbered 2020/27.

It has been decided with the resolution of the Board of Directors dated 20.12.2021 and numbered 2021/41, to accept the resignation of Board Member Galip Ayköse from the Board of Directors and the Early Detection of Risk and Investment Committees, to which he was appointed with the resolution of the Board of Directors dated 06 July 2020 and numbered 2020/27.

As of 31.12.2021, the members of the Early Detection of Risk Committee are Independent Members of the Board of Directors Mehmet Hayati Öztürk, Ersin Akyüz, Serpil Demirel, and Fatma Dilek Bil. The Early Detection of Risk Committee is chaired by Mehmet Hayati Öztürk.

Members of the Early Detection of Risk Committee are determined by the Board of Directors. The term of office shall not exceed three years and the Committee members whose terms have expired may be reassigned.

The members of the Early Detection of Risk Committee are elected from among the non-executive members, if possible. They may serve in the Early Detection of Risk Committee.

The Early Detection of Risk Committee convenes at least seven times a year, as often as required for the efficacy of the activities, at the company's headquarters or in another location where the Committee members are present. The timing of the Early Detection of Risk Committee meetings shall be in alignment with the timing of the Board meetings to the extent possible. The Early Detection of Risk Committee meets with the absolute majority of its members and makes decisions with the majority of the members present at the meeting.

The Early Detection of Risk Committee makes all the work it has done in writing, keeps a record of them, and reports to the Board of Directors to include information about the Committee's work and the results of the Committee meetings. The Early Detection of Risk Committee immediately reports in writing any findings and suggestions regarding its areas of duty and responsibility, to the Board of Directors. The minutes of the meetings of the Early Detection of Risk Committee are approved by the members of the Early Detection of Risk Committee and kept together with the Committee resolutions.

The Company's manager responsible for risk management, the legal and compliance manager, or a member appointed by the Committee will report to the Chairman of the Committee and assume the responsibility of the Rapporteur. The Rapporteur submits the meeting agenda and related documents to committee members before the meeting. The Rapporteur makes sure that the people requested by the Chairman to attend the meeting are participating. S/he writes down the minutes and resolutions of the Meeting and circulates them to the relevant parties.

## COMMITTEES AND POLICIES

The Secretariat of the Board is responsible for organizing the meetings and distributing the meeting minutes to the members of the Board of Directors and maintaining the resolutions in the minute book.

The Early Detection of Risk Committee performs the following tasks, not limited to:

- Identifying current and potential operational, strategic, compliance, financial and other risks, performing periodic evaluations thereof, and preparing recommendations for taking precautions in connection with these risks,
- Establishing risk management systems, establishing organizational infrastructures relating to risk management within the Company and increasing their functionality, preparing recommendations for the improvement of related systems,
- Making solution proposals for risks to the Board of Directors and the Audit Committee,
- Identifying, evaluating, and monitoring existing and potential risk factors that may affect the achievement of company targets within the framework of corporate risk management systematics, determining the principles regarding the management of the relevant risks in accordance with the risk profile of the Company, and making sure that these are employed in the mechanisms of decision-making,
- Creating a company-wide corporate risk management approach, ensuring the establishment and maintenance of an effective risk management framework,
- Conducting studies to determine the risk policies and the relevant standards and methodologies used to manage risks within the Company and submitting these to the approval of the Board of Directors,
- Conducting studies to prepare policies that define the Company's risk appetite and comply with the strategic plans and objectives approved by the Board of Directors and submitting these studies to the approval of the Board of Directors,
- Presenting the indicators within the scope of risk appetite to the approval of the Board of Directors by creating a proposal concerning their level, monitoring indicators and, if necessary, submitting results, assessments, recommendations to the Board of Directors,
- Ensuring effective implementation of the Company's strategies and risk appetite throughout the company,
- Providing adequate information to the Board members about the company's risk-creating activities, including strategic management, capital, and resource management, risk profile, risk appetite, business activities, financial performance, and reputation, and making recommendations to the Board of Directors in this regard,
- Ensuring the maintenance of internal processes, including stress testing where appropriate, to make sure that the capital and liquidity levels and the asset-liability structure are compatible with the normal and stressful conditions of the company,

- Evaluating and recommending risk management strategies, regarding the risks determined according to probability and impact calculations, and regarding the risks to be accepted and managed, shared, or eliminated in the Company,
- Providing recommendations to the Board of Directors to build internal control mechanisms, such as risk management and information systems including processes thereof, that can reduce the impact of risks that may harm the Company's stakeholders, particularly shareholders,
- Ensuring the integration of the risk management and internal control systems into the Company's corporate structure and business processes,
- Evaluating and approving the risk studies conducted within the company, and informing the Board of Directors when necessary, submitting suggestions.
- Improving management reporting to ensure that information is timely, accurate, and relevant, and evaluating maintenance thereof,
- Monitoring the latest status of audit matters and findings, evaluating the effectiveness and efficiency of the actions taken,
- Monitoring operations concerning business continuity management,
- Reviewing risk management systems at least on an annual basis, and overseeing the implementation of the practices in the relevant departments that take responsibility for the management of risks, in accordance with the decisions of the Early Detection of Risk Committee,
- Early identification of technical bankruptcy and ensuring that the Board of Directors is warned about this issue and developing suggestions regarding the measures to be taken,
- Evaluating the situation in the report to be submitted to the Board of Directors every three months, designating the dangers, if any, demonstrating relevant remedies, and sharing this report with the independent auditor, the Audit Committee and the Internal Audit Unit, and
- Preparing an annual evaluation report, which will be included in the annual report, to form the basis for the evaluation of the Board of Directors about the members of the Early Detection of Risk Committee, their meeting frequency, working principles, including the activities carried out, and the effectiveness of the committee, and presenting this report to the Board of Directors.

The Board of Directors provides all of the resources and support that the Early Detection of Risk Committee requires to carry out its functions. The Early Detection of Risk Committee may invite to its meetings and ask the advice of any manager it deems necessary. The Early Detection of Risk Committee makes use of the opinion of experts when necessary. The Early Detection of Risk Committee acts under its authority and responsibility and submits a report to the Board of Directors every three months that includes a situation assessment, recommendations, and suggestions. These reports submitted to the Board of Directors are also communicated to the independent auditor. The responsibility for making a final decision rests with the Board of Directors.

### Investment Committee

The Investment Committee fulfills the duties and responsibilities outlined in the operating principles and assumes the duties assigned to it by the Articles of Association. The main purpose of the Investment Committee is to assess, submit to the approval of the Board of Directors, and follow up the investment and business development projects of more than USD 1 million in line with the purpose and scope of the Company's Articles of Association.

The Investment Committee consists of at least three people. The Chairman of the Board İdris Küpeli, General Manager Ömer Fatih Keha, Board Member Galip Ayköse, Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected to the Investment Committee, pursuant to the Board Resolution dated 6 July 2020 and numbered 2020/27. Independent Board Members Serpil Demirel and Fatma Dilek Bil were elected to the Investment Committee pursuant to the Board resolution dated 30 June 2021 and numbered 2021/21.

It has been decided with the resolution of the Board of Directors dated 20.12.2021 and numbered 2021/41, to accept the resignation of Board Member Galip Ayköse from the Board of Directors and the Early Detection of Risk and Investment Committees, to which he was appointed with the resolution of the Board of Directors dated 06 July 2020 and numbered 2020/27.

As of 31.12.2021, the members of the Investment Committee are: Chairman of the Board of Directors İdris Küpeli, General Manager Ömer Fatih Keha, Independent Members of the Board Mehmet Hayati Öztürk, Ersin Akyüz, Serpil Demirel and Fatma Dilek Bil. The Chairman of the Investment Committee is İdris Küpeli.

The members of the Investment Committee are determined by the Board of Directors. The term of office shall not exceed three years and the Committee members whose terms have expired may be reassigned.

It is essential that the Investment Committee convenes every three months. In cases deemed necessary for the effectiveness of the studies, the committee more frequently convenes at the company headquarters or any other place where committee members are present. The timing of the committee meetings shall be in alignment with the timing of the Board meetings to the extent possible. The Investment Committee meets with the absolute majority of its members and makes decisions with the majority of the members present at the meeting.

The Investment Committee makes all the work it has done in writing, keeps a record of them, and reports to the Board of Directors to include information about the Committee's work and the results of the Committee meetings. The Committee immediately reports in writing any findings and suggestions regarding its areas of duty and responsibility, to the Board of Directors. Minutes of the Investment Committee meetings are approved by the Committee members and kept along with the Committee resolutions. Minutes are shared with the members before the next meeting.

The Company's CFO or a member appointed by the Committee will report to the Chairman of the Committee and assume the responsibility of Rapporteur. The Rapporteur submits the meeting agenda and related documents to committee members before the meeting. The Rapporteur makes sure that the people requested by the Chairman to attend the meeting are participating. S/he writes down the minutes and resolutions of the Meeting and circulates them to the relevant parties.

The Secretariat of the Board is responsible for organizing the meetings and distributing the meeting minutes to the members of the Board of Directors and maintaining the resolutions in the minute book.

The Investment Committee reports to the Board of Directors its evaluation of Investment Projects to be carried out within the company, its subsidiaries, or affiliates according to certain Investment Criteria and its views on the related investment.

The relevant reporting takes into account the project's fundamental and feasibility evaluations, project financing analyses, budget approval, and Investment Criteria. The Board of Directors is authorized to make investment decisions regarding investment projects. However, the Board of Directors cannot make an investment decision for the related investment project without the opinion of the Investment Committee.



## COMMITTEES AND POLICIES

Investment Projects must be realized according to the following criteria:

- Not investing in plants where fossil fuels are used in energy generation;
- Making no investments that are incompatible with the Company's sustainability, environment, occupational health and safety, governance, and social policies;
- Not conflicting with obligations under existing agreements, including credit agreements;
- Any asset under construction, development, and/or building stage having an internal rate of return (IRR) of not less than 10% in US dollars.
- Except for investments that are considered to have a strategic and significant impact on the long-term policies and growth plans of the Company, the investment amount of any asset not being more than 20% of the Total asset value;
- The total investment amount of the assets under construction and/or building stage not being more than 25% of the total asset value, and
- Preventing concentration of counter-party risk, where the revenues to be obtained from a single customer do not constitute more than 30% of the total revenues.
- Not investing in projects that have a negative impact on UNESCO World Heritage sites or areas designated for nature conservation (like the Wetlands of International Importance under the Ramsar Convention) and
- Not investing in projects involving child labor and forced labor

Any resource or support the Committee needs to carry out its duties is provided by the Board of Directors. The Committee may invite to its meetings and ask the advice of any executive or consultant it deems necessary. The Committee can make use of the opinions of specialists and consultants when necessary.

### **Sustainability, Environment, Occupational Health and Safety Committee**

The Sustainability, Environment, Occupational Health and Safety Committee fulfills the duties and responsibilities outlined in the operating principles and assumes the duties assigned to it by the Articles of Association. The main purpose of the Sustainability, Environment, Occupational Health and Safety Committee is to proactively adopt and develop a safe behavior approach, including environmental regulations and activities by developing a culture of sustainability, life, occupational health, and safety covering the employees and all business facilities of the Company. It also has the responsibility of informing the Board of Directors about preventive and corrective steps to ensure the implementation of sustainability principles, as well as areas that may present opportunities and operational results.

The Sustainability, Environment, Occupational Health and Safety Committee consists of one\* Board Member or General Manager, Operations Director, Maintenance and Projects Director, Sustainability - Occupational Health and Safety ("OHS") - Environment and Integrated Management System ("IMS") Manager. If the meeting agenda of the Sustainability, Environment, Occupational Health and Safety Committee includes items regarding stakeholder participation and social impact, the Human Resources Director and Corporate Communications Manager also participate. The Independent Board Member presides over the Committee. With the Board of Directors' Resolution dated 6 July 2020 and numbered 2020/27, General Manager Ömer Fatih Keha, Operations Director Adnan Can, Maintenance and Projects Director Hüseyin Günlü, and Sustainability & HSE Manager Fatih Peker have been elected to the Sustainability, Environment, Occupational Health, and Safety Committee. With the Board of Directors' Resolution dated 30 June 2021 and numbered 2021/21, Independent Board Members Serpil Demirel, Fatma Dilek Bil, Mehmet Hayati Öztürk, and Ersin Akyüz have been elected to the Sustainability, Environment, Occupational Health, and Safety Committee. The Chairperson of the Sustainability, Environment, Occupational Health, and Safety Committee is Fatma Dilek Bil.

The members of the Sustainability, Environment, Occupational Health and Safety Committee are determined by the Board. The term of office shall not exceed three years and the Committee members whose terms have expired may be reassigned.

It is essential that the Sustainability, Environment, Occupational Health, and Safety Committee convenes every three months. In cases deemed necessary for the effectiveness of the studies, the committee more frequently convenes at the company headquarters or any other place where committee members are present. The timing of the Sustainability, Environment, Occupational Health, and Safety Committee meetings is in alignment with the timing of the Board of Directors meetings to the extent possible.

The Sustainability, Environment, Occupational Health and Safety Committee convenes with the absolute majority of its members and the resolutions are taken with the majority of the members present at the meeting.

The Sustainability, Environment, Occupational Health and Safety Committee writes down and keeps a record of all its work and reports to the Board of Directors by providing information on the results of the Committee's work and meetings. The Sustainability, Environment, Occupational Health and Safety Committee immediately reports in writing any findings and suggestions regarding its areas of duty and responsibility, to the Board of Directors. The Minutes of the Sustainability, Environment, Occupational Health and Safety Committee meetings are approved by the Committee members and kept along with the Committee resolutions.

The Company's Sustainability, OHS, Environment, and IMS Manager or a member appointed by the Committee assumes the responsibility of the Rapporteur, reporting to the Chairperson of the Committee. The Rapporteur submits the meeting agenda and related documents to committee members before the meeting. The Rapporteur makes sure that the people requested by the Chairman to attend the meeting are participating. S/he writes down the minutes and resolutions of the Meeting and circulates them to the relevant parties.

The Secretariat of the Board is responsible for organizing the meetings and distributing the meeting minutes to the members of the Board of Directors and maintaining the resolutions in the minute book.

The Sustainability, Environment, Occupational Health and Safety Committee performs these duties, but not limited to the following:

- OHS performance and objectives, considering the feedback received from the OHS Board and the Life Safety Subcommittee, and field personnel,
- Operations that will ensure continuous improvement and development in environmental activities,
- Evaluation of feedback on environmental and social performance, energy consumption, waste management, environmental and social risks,
- Evaluation of KPI practices and related issues
- Evaluation of planned management walks and audit results, as well as efforts to expand OHS culture;
- Monitoring and reporting training on OHS, environmental and social issues;

- Preventing occupational accidents and diseases, setting goals for monitoring works and performance measurement to create healthy and safe work environments, and reporting data and information provided by the relevant units to the Board Member who is the Chairperson of the Committee;
- Determining, measuring, monitoring, recording, supervising, and reporting the environmental and social risks and impact aspects of the Company's operations;
- Increasing organizational resilience through continuous improvement of OHS performance including proactive risk prevention, monthly planned safety checks, monthly management OHS walk, regulatory preventive actions, near-miss situations, unsafe situations, and behavior, and LTI.
- Sustainability report and ESG scorings.

Any resource or support the Committee needs to perform its duties is provided by the Board of Directors. The Committee may invite to its meetings and ask the advice of any executive or consultant it deems necessary. The Committee can make use of the opinions of specialists and consultants when necessary.

Number of committee meetings in 2022;

- Audit Committee: 5 meetings were held.
- Corporate Governance Committee: 5 meetings were held.
- Early Detection of Risk Committee: 7 meetings were held.
- Investment Committee: 2 meetings were held.
- Sustainability, Environment, Occupational Health and Safety Committee: 2 meetings were held.

Management participation in relevant committees stood at 100% for 2022.

### **Our Policies**

Aydem Renewables' Energy Policies can be accessed at the following link: <https://www.aydemyenilenebilir.com.tr/info/24/policies>

\* With the Board of Directors Resolution No. 2021/21 dated June 30, 2021, the number of Board Members was revised in this context in the working principles of the Committee. The term "one Board Member" was revised as "at least one Board Member."

## GENERAL ASSEMBLY

Information on the Ordinary General Assembly Meeting for the year 2021 held on March 30, 2022, is available at <https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly>.

No extraordinary general assembly meeting was held in 2022.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Explanation
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS</b>						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1-Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2-The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7-Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Assembly Meeting.	X					
1.3.8-Members of the Board of Directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Assembly Meeting.	X					
1.3.10-The agenda of the General assembly meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11- The General Assembly Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			There is no provision in the Articles of Association regulating participation other than for shareholders in the general assembly.

Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Explanation
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X				(According to the Company's Articles of Association; - Provided that the capital represented by Group A shares continues to represent at least 30% of the Company's issued capital, half of the members of the Company's board of directors will be elected from among the candidates nominated by the shareholders holding the majority of the capital represented by Group A shares, - Approval of the annual report, budget and financial statements and release of the members of the board of directors, - Amending the articles of association, excluding capital increases to be made according to the registered capital system, - Changing the business subject of the company, entering new business lines or leaving existing business lines - Capital increase, liquidation, termination, capital reduction, change of type of the company, except for capital increases to be made according to the registered capital system,, - Applying for financial restructuring due to bankruptcy, concordat, as per the Article 309/m. of the Execution and Bankruptcy Law No. 2004. - Transfer of all or part of the commercial enterprise of the company, - For the sale of Group A shares on the stock exchange, the approval of the shareholders holding the majority of the capital represented by the Group A shares, Decisions regarding above can only be taken with the approval of the shareholders holding the majority of the capital represented by Group A shares.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			There is no special regulation in the Articles of Association regarding the extension of minority rights. Minority rights are implemented within the framework of the provisions of the relevant legislation and care is taken to exercise minority rights within the scope of the regulations of the Turkish Commercial Code and the CMB.



## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempt	Not applicable	
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1- The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2- The shareholding structure (names, privileges, number and ratio of shares of real person shareholders owning more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4- The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempt	Not applicable	
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempt	Not applicable	
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1- The Company measured customer satisfaction, and operated to ensure unconditional customer satisfaction.		X				X Although customer satisfaction is not measured, the company's activities are always based on absolute customer satisfaction.
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The Board of the Association has adopted a code of ethics, disclosed on the corporate website.	X					
The company has been mindful of its social responsibility. Has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2- The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategic targets, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1 - The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the Members of the Board of Directors are disclosed in the annual report.	X					
4.2.3 - The Board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and General Manager are separated and defined.	X					
4.2.7 - The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempt	Not applicable	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is a management responsibility policy, due to the high amount of Company capital, the policy amount does not exceed 25% of the capital.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The Board of Directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of Board Members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The Board has a charter/written internal rules defining the meeting procedures of the Board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of Board Members. Shareholders are informed of board members' external commitments at the General Assembly Meeting.		X				The Members of the Board of Directors are not restricted from taking on other duties outside the company, but this does not cause any conflict of interest. It is also presented to the information of the shareholders at the General Assembly Meeting.



## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempt	Not applicable	
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 – Board Members serve in only one of the Board's committees.			X			In line with the partnership structure and the requirement that the chairmen of the committees be elected from among the independent Members of the Board of Directors in accordance with the Corporate Governance Communiqué, the members of the board of directors take part in more than one committee, taking into account the number of committees to be formed. On the other hand, it is ensured that the committees act in accordance with their legal powers and responsibilities.
4.5.6 – Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 – If external consultancy services are used, the independence of the provider is stated in the annual report.		X				As consultancy service is not provided, it is not included.
4.5.8 – Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The Board of Directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 – The individual remuneration of board members and executives is disclosed in the annual report.		X				It is intended to establish a balance between the rights and interests that must be protected in terms of the Personal Data Protection Law and the Remuneration Policy in the non-disclosure of the wages and fringe benefits provided to the Members of the Board of Directors and senior executives, considering the principle of proportionality, and the transparency requirement in accordance with the Corporate Governance Communiqué. intended to be established. In this context, the wages of the members of the board of directors and senior executives are not disclosed on an individual basis, but are included in the annual report as a total amount.

## CORPORATE GOVERNANCE INFORMATION FORM

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	A total of 238 meetings were held by our Company in 2022, including investor conferences, meetings attended abroad, analyst interviews, and meetings with both domestic and foreign investors.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of private auditor requests	None
The number of private auditor requests that were accepted at the general assembly meeting	None
<b>1.3. General Assembly</b>	
The link of the announcement made in the Public Disclosure Platform (PDP) that includes the information requested under the principle 1.3.1 (a-d)	<a href="https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly">https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly</a>
Whether the general assembly meeting documents were presented in Turkish and English languages simultaneously	Yes.
The links of the announcements made on PDP associated with the transactions that are not approved by the majority of independent members or by unanimous votes of present Board Members in the context of Principle 1.3.9.	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/en/Bildirim/1055267">https://www.kap.org.tr/en/Bildirim/1055267</a> , <a href="https://www.kap.org.tr/en/Bildirim/1006618">https://www.kap.org.tr/en/Bildirim/1006618</a> , <a href="https://www.kap.org.tr/en/Bildirim/992190">https://www.kap.org.tr/en/Bildirim/992190</a> .
The heading of the section on the corporate website that contains the policy regarding donations and aids	Corporate Website/Corporate/Our Policies/Donation and Aid Policy
The link of the announcement made on PDP with the minutes of the General Assembly Meeting where the donation and aid policy has been approved	It was approved at the Extraordinary General Assembly meeting held on 14.08.2020, prior to the IPO. You can reach the relevant general assembly meeting minutes at <a href="https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly">https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly</a> .
The number of the article in the Articles of Association governing stakeholders' attendance at the general assembly	None
Information regarding the stakeholders who attend general assemblies	You can access the list of attendees of the 2020 Ordinary General Assembly Meeting held on 30.03.2022 at <a href="https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly">https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly</a> .

## CORPORATE GOVERNANCE INFORMATION FORM

<b>1.4. Voting Rights</b>	
Whether there are any privileged voting rights	(According to the Company's Articles of Association; - Provided that the capital represented by Group A shares continues to represent at least 30% of the Company's issued capital, half of the members of the Company's board of directors will be elected from among the candidates nominated by the shareholders holding the majority of the capital represented by Group A shares, - Approval of the annual report, budget and financial statements and release of the members of the board of directors, - Amending the articles of association, excluding capital increases to be made according to the registered capital system, - Changing the business subject of the company, entering new business lines or leaving existing business lines - Capital increase, liquidation, termination, capital reduction, change of type of the company, except for capital increases to be made according to the registered capital system,, - Applying for financial restructuring due to bankruptcy, concordat, as per the Article 309/m. of the Execution and Bankruptcy Law No. 2004. - Transfer of all or part of the commercial enterprise of the company, - For the sale of Group A shares on the stock exchange, the approval of the shareholders holding the majority of the capital represented by the Group A shares, Decisions regarding above can only be taken with the approval of the shareholders holding the majority of the capital represented by Group A shares.)
In case there are voting privileges, indicate the privileged shareholders and their voting percentages.	Group A shareholders have voting privileges by 59.57%.
Shareholding rate of the majority shareholder	84.21% (Aydem Enerji Yatırımları A.Ş.)
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights is expanded (in terms of content or percentage) in the Articles of the Association	No (There is no special regulation in the Articles of Association regarding the extension of minority rights. Minority rights are implemented in accordance with the provisions of the relevant legislation, and care is taken to exercise minority rights within the scope of the regulations of the TCC and CMB)
If yes, specify the relevant provision of the articles of association.	None
<b>1.6. Dividend Right</b>	
The heading of the section on the corporate website that includes the policy on dividend distribution	Corporate Website/Corporate/Our Policies/Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	You can access the list of attendees of the 2021 Ordinary General Assembly Meeting held on 30.03.2022 at <a href="https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly">https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly</a> .
The link of the announcement made on PDP with relevant general assembly meeting minutes in case the Board proposed to the general assembly not to distribute profit	<a href="https://www.kap.org.tr/en/Bildirim/1014262">https://www.kap.org.tr/en/Bildirim/1014262</a>
<b>General Assembly Meetings</b>	
General Assembly Date	30.03.2022
The number of information requests received by the company regarding the clarification of the agenda of the general assembly	1
Shareholder participation rate to the general assembly meeting	85.21%
Percentage of shares directly present	99.72%
Percentage of shares represented by proxy	0.003%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations/Corporate Governance/General Assembly

Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations/Corporate Governance/General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	7
The number of people who have the privilege to access shareholding information upon notification of the Board (the Insider List)	-
The PDP link of the general assembly notification	<a href="https://www.kap.org.tr/en/Bildirim/1014262">https://www.kap.org.tr/en/Bildirim/1014262</a>
<b>2. DISCLOSURE AND TRANSPARENCY</b>	
<b>2.1. Corporate Website</b>	
The headings of the sections on the corporate website that include information required by the corporate governance principle numbered 2.1.1	Corporate Website/Information Society Services and Corporate Website/Investor Relations
The heading of the section on the corporate website that includes the list of real person shareholders who own more than 5% of the Company's shares, directly or indirectly	<a href="https://www.aydemyenilenebilir.com.tr/investorrelations/shareholding-structure">https://www.aydemyenilenebilir.com.tr/investorrelations/shareholding-structure</a>
Languages in which the corporate website is presented	Turkish - English
<b>2.2. Annual Report</b>	
<b>The page numbers or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.</b>	
a) The page numbers or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Annual Report 2022 /Corporate Governance/Board of Directors and Annual Report 2022/Corporate Governance/Declarations of Independence
b) Page number or heading of the section in the annual report that provides information on the committees established under the Board of Directors	Annual Report 2022/Corporate Governance/Committees and Policies
c) Page number or heading of the section in the annual report that includes the number of board meetings held throughout the year, and the members' attendance status	Annual Report 2022/Corporate Governance/Board of Directors
d) Page number or heading of the section in the annual report that provides information on regulatory changes that can have a material impact on the Company's activities	Annual Report 2022/Corporate Governance/Regulatory Changes in 2022
e)The page number or heading of the section that includes information regarding important lawsuits filed against the company and possible consequences thereof	Information Regarding the Lawsuits Against the Company, which Could Affect its Financial Situation and Activities, and their Possible Outcomes
f) Page number or heading of the section in the annual report that provides information on the conflicts of interest between the Company and entities providing investment advisory and rating services to the Company, and the precautions taken to prevent these	Annual Report 2022/Corporate Governance/Other Issues
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Annual Report 2022/Corporate Governance/Other Issues
h) Page number or heading of the section that provides information on employees' benefits and professional training, as well as other corporate social responsibility activities related to the Company's operations that have social and environmental impacts	Annual Report 2022/Sustainability/Corporate Social Responsibility
<b>3. STAKEHOLDERS</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The heading of the section on the corporate website that includes the policy on compensation	Corporate Website/Corporate/Policies/Employee Compensation Policy
The number of final court verdicts against the Company that result from violation of employee rights	10
The title of the individual in charge of the whistleblowing programme	Internal Control Group Director
Contact information of the Company's mechanism to report violations	<a href="https://www.aydemyenilenebilir.com.tr/info/41/code-of-conduct-and-business-principles">https://www.aydemyenilenebilir.com.tr/info/41/code-of-conduct-and-business-principles</a>



## CORPORATE GOVERNANCE INFORMATION FORM

<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
The heading of the section on the corporate website that includes internal regulations on employees' participation in the managerial bodies of the Company	Corporate Website/Corporate/Policies/Human Resources Policy
Corporate bodies where employees are represented	In our workplaces where there is a union, a union representative selected from among the workers by the Union Branch Board of Directors, and there is a workplace representative in all other workplaces.
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The development of a succession plan for key management positions is subject to the approval of the board of directors, and the process is included in the human resources policy.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corporate Website/Corporate/Policies/Recruitment
Whether the company provides an employee stock ownership programme	None
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also, provide a summary of relevant parts of the human resource policy.	Corporate Website/Corporate/Policies/Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	0
<b>3.5. Ethical Rules and Social Responsibility</b>	
The heading of the section on the corporate website that includes the policy on ethical principles	Corporate Website/Corporate/Policies/Ethical Rules and Labor Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If there is no report on corporate social responsibility, precautions taken with respect to the environmental, social and corporate governance issues	Corporate Website/Corporate/Policies/Environmental Policy, Sustainability, General Environment Procedure
Any measures combating any kind of corruption including embezzlement and bribery	Anti-Bribery and Anti-Corruption Policy and Disciplinary Regulations are in place.
<b>4. BOARD OF DIRECTORS-I</b>	
<b>4.2. Principles of Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	In the last week of every year, one-on-one meetings are held with the members of the Board of Directors and a general performance evaluation is made.
Whether the board evaluation was externally facilitated	No
Whether all Board Members are discharged	Yes (It was acquitted at the Ordinary General Assembly Meeting for the Year 2021 held on 30.03.2021)
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	CEO-İdris Küpeli, General Manager-Ömer Fatih Keha
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
The name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Annual Report 2022/Corporate Governance
Name of the Chairman	Aydem Holding A.Ş. Represented by İDRİS KÜPELİ
Name of the Chief Executive Officer/General Manager	Ömer Fatih Keha
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not the same person.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Due to the high amount of Company capital, the policy amount does not exceed 25% of the capital.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Corporate Web Site/Corporate/Policies/Board Diversity Policy
The number and ratio of woman directors	3 people, 37.5%

<b>Structure of the Board of Directors</b>								
Name/Surname of the Board Member	İdris Küpeli	Ömer Fatih Keha	Mehmet Gökay Üstün	Asya Vuslat Saldanlı	Serpil Demirel	Fatma Dilek Bil	Mehmet Hayati Öztürk	Ersin Akyüz
Executive or Not	Yes	Yes	No	No	No	No	No	No
Independent Member or Not	Not Independent Member	Not Independent Member	Not Independent Member	Not Independent Member	Independent member	Independent member	Independent member	Independent member
The First Election Date To Board	3.04.2020	3.04.2020	16.09.2021	20.12.2021	10.06.2021	10.06.2021	3.04.2020	3.04.2020
Link to PDP Notification that Includes the Declaration of Independence	-	-	-	-	<a href="https://www.kap.org.tr/tr/Bildirim/100760">https://www.kap.org.tr/tr/Bildirim/100760</a>	<a href="https://www.kap.org.tr/tr/Bildirim/100760">https://www.kap.org.tr/tr/Bildirim/100760</a>	<a href="https://www.kap.org.tr/tr/Bildirim/100760">https://www.kap.org.tr/tr/Bildirim/100760</a>	<a href="https://www.kap.org.tr/tr/Bildirim/100760">https://www.kap.org.tr/tr/Bildirim/100760</a>
Whether the Independent Director Considered by the Nomination Committee					Not evaluated	Not evaluated	Not evaluated	Not evaluated
Whether a Member Ceased to Qualify as an Independent Member					No	No	No	No
Whether minimum 5 years of experience in Audit/Accounting and/or Finance is held	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes

### 4. BOARD OF DIRECTORS-II

#### 4.4. Meeting Procedures of the Board of Directors

The number of physical board meetings involving members attending in person in the reporting period	39
Average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes (Due to the pandemic, meetings are held online via webex, zoom etc. digital platforms.)
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	Corporate Web Site/Investor Relations/Corporate Governance/Working Principles of the Board of Directors
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None

#### 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Annual Report 2022/Corporate Governance/Committees and Policies/Committees
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/en/Bildirim/100760">https://www.kap.org.tr/en/Bildirim/100760</a>

#### Committees of the Board of Directors-I

Names of the Board Committees	Corporate Governance Committee	Corporate Governance Committee	Corporate Governance Committee	Corporate Governance Committee	Corporate Governance Committee
Name of Committees Defined as "Other" in the First Column					
Name-Surname of Committee Members	Serpil Demirel	Ersin Akyüz	Mehmet Hayati Öztürk	Fatma Dilek Bil	Mehmet Yusuf Güngör (Investor Relations Unit Manager)
Whether Committee Chair or Not	Yes	No	No	No	No
Whether Board Member or Not	Yes	Yes	Yes	Yes	No

## CORPORATE GOVERNANCE INFORMATION FORM

Committees of the Board of Directors-I				
Names of the Board Committees	Audit Committee	Audit Committee	Audit Committee	Audit Committee
Name of Committees Defined as "Other" in the First Column				
Name-Surname of Committee Members	Serpil Demirel	Ersin Akyüz	Mehmet Hayati Öztürk	Fatma Dilek Bil
Whether Committee Chair or Not	No	Yes	No	No
Whether Board Member or Not	Yes	Yes	Yes	Yes

Committees of the Board of Directors-I				
Names of the Board Committees	Early Detection of Risk Committee	Early Detection of Risk Committee	Early Detection of Risk Committee	Early Detection of Risk Committee
Name of Committees Defined as "Other" in the First Column				
Name-Surname of Committee Members	Serpil Demirel	Ersin Akyüz	Mehmet Hayati Öztürk	Fatma Dilek Bil
Whether Committee Chair or Not	No	No	Yes	No
Whether Board Member or Not	Yes	Yes	Yes	Yes

Committees of the Board of Directors-I						
Names of the Board Committees	Investment Committee	Investment Committee	Investment Committee	Investment Committee	Investment Committee	Investment Committee
Name of Committees Defined as "Other" in the First Column						
Name-Surname of Committee Members	İdris Küpeli	Ömer Fatih Keha	Serpil Demirel	Ersin Akyüz	Mehmet Hayati Öztürk	Fatma Dilek Bil
Whether Committee Chair or Not	Yes	No	No	No	No	No
Whether Board Member or Not	Yes	Yes	Yes	Yes	Yes	Yes

Committees of the Board of Directors-I								
Names of the Board Committees								
Name of Committees Defined as "Other" in the First Column	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:	Sustainability, Environment, Occupational Health and Safety Committee:
Name-Surname of Committee Members	Ömer Fatih Keha	Serpil Demirel	Ersin Akyüz	Mehmet Hayati Öztürk	Fatma Dilek Bil	Adnan Can	Hüseyin Günlü	Fatih Peker
Whether Committee Chair or Not	No	No	No	No	Yes	No	No	No
Whether Board Member or Not	Yes	Yes	Yes	Yes	Yes	No	No	No

4. BOARD OF DIRECTORS-III	
4.5. Committees Established under the Board of Directors-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2022/Corporate Governance/Committees and Policies/Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2022/Corporate Governance/Committees and Policies/Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2022/Corporate Governance/Committees and Policies/Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2022/Corporate Governance/Committees and Policies/Early Detection of Risk Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2022/Corporate Governance/Committees and Policies/Corporate Governance Committee
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report 2022/Corporate Governance/Assesment of the Board of Directors
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Corporate Website/Corporate/Policies/Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report 2022/Corporate Governance/Financial Rights Granted to Board Members and Senior Executives

Composition of Board Committees-II					
Names of the Board Committees	Corporate Governance Committee	Audit Committee	Early Detection of Risk Committee	Investment Committee	Sustainability, Environment, Occupational Health and Safety Committee:
Name of Committees Defined as "Other" in the First Column					
The Percentage of Non-executive Directors	80%	100%	100%	66%	50%
The Percentage of Independent Directors in the Committee	80%	100%	100%	66%	50%
The Number of Meetings Held in Person	5	5	7	2	2
The number of reports presented to the Board by the Committee on its activities	1	1	1	1	1



## FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND SENIOR EXECUTIVES

The total gross amount of the financial rights granted to the Board Members and senior executives from January 1, 2022, to December 31, 2022, is TL 9,609,482.

## INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES

The main purpose of the Internal Audit function is to provide reasonable assurance that in the risk management, control, and governance processes designed and implemented by Aydem Renewables management, risks are identified and managed appropriately, business processes and transactions are in compliance with the policy, procedure and relevant legislation, resources are used economically and efficiently and effectively protected within the scope of the company's sustainability goals, financial, managerial and operational information is available in an accurate, reliable and timely manner. In addition, the Internal Audit function oversees proper identification, adequate and efficient fulfillment of the objectives for compliance with the ethical rules and labor policies defined within the company.

The Internal Audit function is an independent assurance function reporting its works to the Audit Committee which consists of independent members of Aydem Renewables Board of Directors and receives its authority from the Company's Board of Directors through the Audit Committee. The Audit Plan, which is implemented with the annual approval of the Audit Committee and the Board of Directors, is created through risk-based categorization of processes, including business activities, that support the company to achieve its strategic goals. The results of the audit work carried out in accordance with the Audit Plan are periodically submitted to the Board of Directors, the Audit Committee, and the Relevant Administrative elements.

The Internal Audit Department bases its work on the International Internal Audit Standards and Internal Control Governance Frameworks and applies a risk-based audit methodology. It also maintains coordination with the activities carried out by the independent audit. The audit process includes the formal audit action follow-up procedures executed to validate that risk mitigation actions as recommended by Internal Audit and accepted by Management have been implemented, besides planning and preparation, fieldwork, and reporting of the audit results.

The CMB Information Systems Management Compliance Process Audit and the Maintenance and Repair Process Audit were carried out within Aydem Renewables in accordance with the 2022 Audit Plan.

## CHANGES BETWEEN THE PERIOD-END AND THE ISSUANCE OF THE REPORT

As for the matter covered in the news and pertaining to the support amounts under the maximum settlement price (MSP) mechanism, there is nothing that may have a negative impact on Aydem Renewables (Information about the Latest News on Media Outlets).

As per the decision of the T.R. Ministry of Environment, Urbanization and Climate Change no. 5553888 dated January 17, 2023, the Environmental Impact Assessment (EIA) for Aydem Renewables' project, Söke WPP Auxiliary Source Solar Power Plant (SPP - 16.9 MWm) was found positive (Information About "Positive EIA" for Söke WPP Hybrid SPP Investment Project).

"Information Policy", which was updated on January 20, 2023 and entered into force with the approval of the Board of Directors, was published on the Public Disclosure Platform as well as on the website of our Company ([www.aydemyenilenebilir.com.tr](http://www.aydemyenilenebilir.com.tr)). (AYDEM Information Policy)

Based on the repurchase decision taken by our Board of Directors on May 11, 2022, the Eurobonds (XS2368781477) of our Company with a nominal value of USD 1,679,000.00 were repurchased between January 1, 2023 and January 24, 2023. As part of these repurchases, the Eurobonds (XS2368781477) of our Company with a nominal value of USD 51,468,000.00 in total were repurchased. (About Eurobond Buying Transactions)

On February 1, 2023, our Company signed an agreement with "SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.", which has an official authorization to conduct rating in accordance with the Corporate Governance Principles of the Capital Markets Board in Turkey, in order to renew its corporate governance rating. The contract term is 1 (one) year from the signature date. (Renewal of the Corporate Governance Rating Agreement)

USD 27,068,115.00 was transferred to the relevant investor accounts for coupon payment of 5.5 year Treasury Bond of our Company no. 3 with a nominal value of USD 750 million on February 2, 2023. (Bond coupon payment)

*For more detailed information, please visit our Company's Investor Relations-Material Event Disclosures page or Public Disclosure Platform (PDP) page.*

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

No amendments were made in the Company's Articles of Association in 2022.

At the time of the earthquake that occurred on the morning of February 6, 2023, our power plants were in operation and were continuing to generate energy. According to our initial findings, any adverse condition was not detected at our power plants located in the areas affected by the earthquake. (Earthquake)

As part of the share repurchase transactions started upon the decision of the Board of Directors dated February 14, 2022, a total of 785,026 shares were repurchased between January 1, 2023, and February 22, 2023. As of February 22, 2023, total amount of the shares repurchased by our Company reached 6,518,528. (Share Repurchase Transactions)

As a result of the CDP – Carbon Disclosure Project Climate Change Reporting conducted by Aydem Renewables in 2022, its rating rose from "A- Leadership Level" to "A Leadership Level". "A Leadership Level" is the highest rating granted to the energy industry in 2022 in our country. Besides, its rating was determined as "A Leadership Level" after the CDP – Carbon Disclosure Project Water Security Reporting conducted by Aydem Renewables in 2022. "A Leadership Level" is the highest rating granted to the energy industry in 2022 in our country. Our company got the "A Leadership Level" rating in both climate change reporting and water reporting, thereby entering the Global A List. Our company is the only company to be included in the Global A List in both climate change reporting and water reporting in all industries in our country in 2022. Aydem Yenilenebilir Enerji A.Ş. 2022 (CDP Carbon Disclosure Project Climate Change and Water Security Reporting)

On February 23, 2023, the Ministry approved our Uşak WPP Auxiliary Resource SPP with a power of 82.15 MW. With this approval, total installed capacity of the facility went up by 8% from 1,019 MW to 1,102 MW. Our Uşak WPP Hybrid SPP, which was put into commercial operation, will make a contribution of 164,000 MWh to our annual production. (Commissioning of Uşak WPP- Hybrid SPP)

## LEGISLATIVE CHANGES IN 2022

- The Law Amending Some Laws dated January 11, 2022, with no. 7350: Article 5 - The following phrase was added after the first sentence of sub-paragraph 2 of Article 6/C of the Law on the Use of Renewable Energy Resources for Electric Power Generation Purposes dated May 10, 2005, with no. 5346.  
  
"However, capacity increases commissioned after June 30, 2021, shall be eligible for benefiting from local contributions starting from the date of commissioning as per Article 6/B."
- Regulation Amending the Regulation on Electricity Market Connection and System Use dated January 11, 2022: Article 1: Subparagraph 9 of Article 7 of the Regulation on Electricity Market Connection and System Use published in the Official Gazette dated January 28, 2014, with no. 28896 was amended as follows:  
  
"(9) License holders' contracted power at the point of transmission shall be at the same level of installed capacity for which the license was expanded. License holders' changes to the contracted power at the point of transmission shall be introduced at intervals not limited to periods defined herein in compliance with their amended license. However, holders of coal or natural gas-based power generation licenses may submit a maximum of two requests for amendment in a calendar year to not exceed the installed capacity for which their license was expanded if they wish to change the contracted power at the point of transmission. The requested change to the contracted power may not be lower than the installed capacity before the latest license amendment regarding installed capacity."
- Communiqué Amending the Communiqué on the Distribution of Advance Dividends was published in the Official Gazette dated January 18, 2022, with no. 31723 (Repeating). The phrase "one month" as stated in the first sentence of the second subparagraph of Article 5 of the Communiqué was amended to "two months."
- Regulation Amending the Regulation on Electricity Market Balancing and Settlement Regulation: The regulation was amended as follows: The following sentence was added at the end of the second subparagraph of Article 75 of the Electricity Market Balancing and Settlement Regulation published in the Official Gazette dated 14/4/2009, with no. 27200.  
  
"However, if the arithmetic average price set for loading instructions is lower than the market settlement price of the relevant hour, or if the arithmetic average price for de-loading instructions is higher than the market settlement price of that hour, the market settlement price of the hour shall be used for reconciliation."
- Regulation Amending the Regulation to Document and Support Renewable Energy Resources dated February 10, 2022: Amendments were made regarding the Renewable Energy Resource amounts.
- Regulation Amending the Regulation on Electricity Market Connection and System Use dated March 1, 2022: With EMRA's adjustments, some amendments were made regarding "Excess Power" in the Regulation on Electricity Market Connection and System Use. Accordingly, power-generating plants will be able to transmit power above their contracted power on the grounds of supply security for a period to be specified by the Authority.
- EMRA decision dated 17.03.2022 with no. 10847-2 on Construction Timeframes to be Taken As A Reference Point in Determining Preliminary License Terms and Plant Construction Completion Dates has been issued.
- EMRA decision dated 17.03.2022 with no. 10866 on Principles and Procedures for Determining and Implementing Support Amounts By Resource was issued.
- Principles and Procedures for Determining and Implementing Support Amounts By Resource published in the Official Gazette dated 18/03/2022 with no. 31782 ("Principles and Procedures")
- EMRA decision dated 29.03.2022 with no. 10887 on Principles and Procedures Amending Principles and Procedures for Determining and Implementing Support Amounts By Resource was issued.
- Regulation Amending the Regulation on Principles and Procedures relating to Signing Water Use Right Agreements for Generation Operations in the Electricity Market: Contains revisions on the content of Water Use Right Agreements and authorized signatories.
- EMRA Decision dated 12.05.2022 with no. 10973: As part of Law no. 5346 on the Use of Renewable Energy Resources for Electric Power Generation, the average wholesale price for electricity in Türkiye in 2021 was determined to be 51.47 kr/kWh.
- EMRA Decision dated 19.05.2022 with no. 10978: Amendments were made to principles and procedures amending principles and procedures for determining minimum and maximum price limits on the day ahead market and balancing power market.
- EMRA Decision dated 26.05.2022 with no. 10984: Amendments were made to principles and procedures amending principles and procedures for determining minimum and maximum price limits on the day ahead market and balancing power market.
- EMRA Decision dated 29.06.2022 with no. 11043: Principles and procedures amending principles and procedures for determining minimum and maximum price limits on the day ahead market and balancing power market were issued.
- Law Amending the Environmental Law dated 15 June 2022 with no. 7410 and other Laws
- Capital Markets Board's Decision on the Minimum Price Tariff for 2022 Real Estate Valuations and Implementation Principles: The Board's Decision-Making Body held a meeting on July 21, 2022, with no. 38/1086. Under Article 76 of the Capital Markets Board Law no. 6362 and regarding the valuation services to be delivered by Türkiye's Valuation Experts' Association, the decision pertains to the update, effective as of August 1, 2022, of the "2022 Real Estate Valuation Minimum Fee Tariff" published on December 29, 2021, in the Official Gazette with no. 31704 as described below. According to the decision, "Implementation Principles for Real Estate Valuation Minimum Fees" will be maintained.
- EMRA Decisions dated July 28, 2022, with no. 11082 and 11083 and 11095: Decision no. 11082 pertains to the decisions passed on the principles and procedures for determining and implementing support amounts by resource.  
  
Decision no. 11083 pertains to the principles and procedures for determining minimum and maximum price limits on the day ahead market and balancing power market; Decision no. 11095 pertains to Article 52 of the Communiqué on the issuance of a last resort supply tariff. Accordingly, consumption amounts specified for subscribers of residential and agricultural activities will be updated as 100 million kWh/year for the bills to be issued as of August 1, 2022.
- Environmental Impact Assessment Regulation dated July 29, 2022
- EMRA decision dated August 11, 2022, with no. 11119: Decision amending the Board decision on the instruction manual of the energy market notification system. An electricity market notification obligation table was included in addition to the instruction.
- EMRA decision dated August 8, 2022, with no. 11114: Amendment was made to active electric power wholesale tariff to be implemented by EÜAŞ.
- EMRA decision dated September 29, 2022, with no. 11254: It pertains to the Board decision dated May 12, 2022, which will remain effective until March 31, 2023. Accordingly, if an application has been submitted to TEİAŞ (Turkish Electricity Transmission Corporation) to increase the power of generation plants, energy at the point of transmission fed into the system in an amount exceeding the contracted values will not be considered excess power.
- Principles and Procedures were amended with EMRA's Board decision no. 11269 on September 29, 2022, and the phrase "up to the final consumer" was added to Article 7.
- EMRA Decision dated October 27, 2022, with no. 11324: Decision amending the principles and procedures for determining the location of generation plants subject to a preliminary license or a license in the electricity market was passed.
- EMRA Decision dated October 27, 2022, with no. 11324: Decision amending the principles and procedures for determining the location of generation plants subject to a preliminary license or a license in the electricity market was passed.
- EMRA Decision dated October 27, 2022, with no. 1139-2: "Preliminary License Periods" and the "Construction Periods to be considered as a Reference in Determining the Facility Completion Date" were accepted.



## LEGISLATIVE CHANGES IN 2022

- EMRA Decision dated October 27, 2022, with no. 11331-1: The list of information and documents to be submitted for preliminary license applications was updated.
- EMRA Decision dated October 27, 2022, with no. 11331-2: The list of information and documents to be submitted for license applications was updated.
- EMRA decision dated October 27, 2022, with no. 11332: The list of information and documents to be submitted for preliminary license and license amendment applications, merger, de-merger, facility/project handover approval applications, and notifications was updated.
- Regulation dated November 1, 2022, on Environmental Management Services: It pertains to the principles and procedures on conditions, certifications, and obligations applicable to environmental management service providers.
- EMRA Decision dated November 24, 2022, with no. 11412-1: It is a Board decision stipulating that the total mechanical power of a generation plant will be taken as a basis for a preliminary license fee for storage facility applications.
- EMRA Decision dated November 17, 2022, with no. 11410: This decision was passed to abolish the Board decision dated March 27, 2014, with no. 4935-19 that a legal entity holding a generation license cannot obtain a supply license and those applications to the Authority in this respect shall be rejected during the preliminary investigation.
- Regulation Amending the Regulation on Electricity Market Connection and System Use
- Regulation Amending the Regulation on Electricity Market Balancing and Settlement
- Regulation Amending the Electricity Market License Regulation
- Regulation Amending the Power Grid Regulation
- Regulation Amending the Regulation on the Certification and Support of Renewable Energy Resources
- Regulation Amending the Regulation on the Storage Activities in the Electricity Market
- EMRA Decision dated November 17, 2022, with no. 11391: Matters to be taken into consideration in assessments of preliminary license applications submitted as per Articles 12/4, 24/21, and provisional Article 37 of the Electricity Market License Regulation were specified.

## INFORMATION REGARDING THE LAWSUITS AGAINST THE COMPANY, WHICH COULD AFFECT ITS FINANCIAL SITUATION AND ACTIVITIES, AND THEIR POSSIBLE OUTCOMES

The company may be subject to lawsuits and administrative proceedings in the ordinary course of company activities. Matters in dispute and subjects of claims are mainly issues such as disputes arising from labor law, commercial disputes, disputes arising from administrative proceedings, and claims for compensation due to an accident at work. These claims may be asserted by current and former employees of the Company, employees of subcontractors, contractors, suppliers, public institutions, municipalities, or other third parties.

For example; administrative sanctions in the form of an administrative fine amounting to a total of approximately TL 34 million have been issued against the company, with the allegation that Dalaman I-II-III-IV-V HPPs and Gökyar HPPs belonging to the Company do not have a building permit by Dalaman, Ortaca and Köyceğiz Municipalities at the end of 2020 and in the first quarter of 2021. A total of 96 annulment lawsuits were filed against the administrative sanction decisions by the municipalities, on behalf of the Company, before the Muğla Administrative Courts, for the cancellation of the transactions. As a result of the judgments made by the courts, the lawsuits are concluded in favor of the Company and it is decided to annul the administrative sanction decisions. In 95 files, judgments on the annulment of the procedure in favor of the Company were notified to the Company; and only in one file, the judgment was for the rejection of the annulment request. Of the judgments on the annulment of administrative procedures, one is pending an appeal review at the Regional Court of Cassation, and 13 are pending an appellate review at the Council of State. The annulment became final in 81 judgments.

Therefore, due to the administrative sanction decisions of the municipalities of which cancellation has been decided, no legal and financial risk is foreseen by the Company in the form of any payment or penalty.

There are also issues in which the Company is not a direct party, but is indirectly a party to lawsuits within the scope of being a guarantor and surety. For example; the Company is the guarantor under a contract for the construction of certain rehabilitation works signed between Yatağan Termik Enerji Üretim A.Ş., one of the subsidiaries of Aydem Group. ("Yatağan") and the Contractor GE Enerji Endüstri Ticaret ve Servis A.Ş. ("GE"). As a result of the dispute between Yatağan and GE, an action of debt was filed by GE Enerji in January 2020, demanding 9.7 million Euros of compensation against Yatağan and the Company. Petitions and evidence were submitted on allegations and defense statements of the parties, and commercial ledgers were examined by expert independent accountants. As per the Memorandum of Understanding signed on January 2, 2019, GE Enerji's remaining receivable was determined to be EUR 9,500,000 and EUR 500,600 of this amount was found to have been paid by Yatağan. An objection was raised against the report, and an additional report is underway. In this respect, a decision against the Company in terms of EUR 9,000 and accrued interest is likely. The next hearing is on March 16, 2023. It will take time until the decision becomes final, and payments are made due to appeal and appellate processes.

Even if the file is finalized against Yatağan, payments will be made by Yatağan Termik Enerji A.Ş., and therefore the Company's management is considering that there will be no payments made by the guarantor, Aydem Renewables.

## EXPLANATIONS RELATED TO ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE COMPANY AND MEMBERS OF THE GOVERNING BODY DUE TO PRACTICES CONTRARY TO THE PROVISIONS OF THE LEGISLATION

No administrative or judicial sanction has been imposed in 2022 due to practices contradicting applicable laws.

## INFORMATION ON OWN SHARES ACQUIRED BY THE COMPANY

In the fiscal period of January 1 - December 31, 2022, the Company did not acquire its shares on the dates and with remarks provided below.

- 14.02.2022:

The Board of Directors of the Company passed the following decision for the purposes specified below:

Within the framework of Article 22 of the Capital Markets Law and Communiqué on Repurchased Shares of the Capital Markets Board (II-22.1) and the announcements of the Capital Markets Board dated 21.07.2016, 25.07.2016, and 23.03.2020, it is considered that the share price of the Company does not reflect the actual performance of the Company's activities, and to protect the shareholders and to contribute to the formation of the share price in compliance with its real value in a stable and consistent manner, the decision was passed on the following matters:

1- Procedures to buy the Company's shares back from the Stock Exchange as per Article 3 of the Articles of Association and the Capital Markets Board's decision of exemption regarding buyback dated 11.02.2022 with no. E-29833736-622.99-17207 shall be initiated;

2. Maximum number of shares for buyback shall be set at a nominal value of TL [20,000,000] and with a quantity of [20,000,000];

3. The funds to be allocated for buyback shall be a maximum of TL [170,000,000] to be covered from the Company's existing sources;

4. The buyback which will take place upon the Board's decision shall be an item on the agenda of the first general assembly meeting to be held and presented to the General Assembly.\*

- 200,000 shares were bought back at a price range of TL 7.87 - 8.07 (TL 7.974527 on average) on February 17, 2022.

- 700,000 shares were bought back at a price range of TL 7.84 - 8.15 (TL 8.034058 on average) on February 21, 2022.

- 50,000 shares were bought back at a price range of TL 7.95 - 8.12 (TL 8.056200 on average) on February 22, 2022.

- 310,000 shares were bought back at a price range of TL 7.76 - 8.09 (TL 8.002742 on average) on February 23, 2022.

- 500,000 shares were bought back at a price range of TL 7.70 - 7.79 (TL 7.757900 on average) on March 1, 2022.

- 500,000 shares were bought back at a price range of TL 6.94 - 7.02 (TL 6.995611 on average) on March 9, 2022.

- 163,502 shares were bought back at a price range of TL 7.04 - 7.09 (TL 7.058348 on average) on March 11, 2022.

- 200,000 shares were bought back at a price range of TL 7.37 - 7.41 (TL 7.390386 on average) on March 16, 2022.

- 500,000 shares were bought back at a price range of TL 7.65 - 7.72 (TL 7.694300 on average) on March 23, 2022.

- 180,000 shares were bought back at a price range of TL 8.35 - 8.45 (TL 8.396651 on average) on April 7, 2022.

- 300,000 shares were bought back at a price range of TL 8.86 - 8.95 (TL 8.900439 on average) on April 11, 2022.

- 500,000 shares were bought back at a price range of TL 8.98 - 9.21 (TL 9.157100 on average) on April 13, 2022.

- 300,000 shares were bought back at a price range of TL 9.48 - 9.63 (TL 9.609526 on average) on April 18, 2022.

- 200,000 shares were bought back at a price range of TL 9.56 - 9.61 (TL 9.582744 on average) on April 25, 2022.

- 200,000 shares were bought back at a price range of TL 8.40 TL - 8.49 (TL 8.463750 on average) on May 18, 2022.

- 300,000 shares were bought back at a price range of TL 8.26 - 8.36 (TL 8.321719 on average) on May 25, 2022.

- 300,000 shares were bought back at a price range of TL 8.23 - 8.62 (TL 8.469107 on average) on June 9, 2022.

- 300,000 shares were bought back at a price range of TL 8.52 TL - 8.62 (TL 8.583333 on average) on June 16, 2022.

- 300,000 shares were bought back at a price range of TL 8.93 - 9.04 (TL 9.009242 on average) on July 5, 2022.

## INFORMATION ON PRIVILEGED SHARES

The shares representing the Company's capital are divided into two groups: group A and group B. There are two privileges on Group A shares, namely the right to nominate candidates in the election of members of the board of directors and the right to veto on the following issues.

The following is the information regarding the privileges and restrictions granted to Group A shares. As per Article 8 titled "Board of Directors" of the Articles of Association:

The Company's Board of Directors is composed of eight members. Half of the members of the Company's Board of Directors will be elected from among the candidates nominated by the shareholders holding the majority of the capital represented by Group A shares, provided that the capital represented by Group A shares continues to represent at least 30% of the Company's issued capital. The members of the board of directors to be elected among the candidates nominated by the shareholders holding the majority of the capital represented by the aforementioned Group A shares will be from among the members other than the independent members. In case the capital represented by Group A shares does not continue to represent at least 30% of the Company's issued capital, the privilege of nominating candidates for the Board of Directors specified in (i) will automatically cease to exist from the moment of the legal transaction that led to the aforementioned situation.

As per Article 14 titled "General Assemblies and Meetings" of the Articles of Association:

- On the condition that the quorums in the Capital Markets Law No. 6362 and the Turkish Commercial Code No. 6102 are preserved, the affirmative votes of the shareholders holding the majority of the capital represented by Group A shares are also required for the general assembly of the company to take decisions on the following issues and on the amendments to the Articles of Association that fall within the scope of these issues:
  - Approval of the annual report, budget, and financial statements and discharge of the members of the Board of Directors,
  - Amendment of the Articles of Association, except for capital increases to be made according to the registered capital system,
  - Changing the subject of the Company's business, entering new business lines, or abandoning existing business lines,
  - Capital increase, liquidation, dissolution, capital reduction, type change of the company, except for capital increases to be made according to the registered capital system,
  - Applying for bankruptcy, concordat, financial restructuring under Article 309/m of the Enforcement and Bankruptcy Code of 2004, postponement of bankruptcy,
  - Transfer of all or part of the Company's commercial business.
- If the capital represented by the group A shares does not continue to represent at least 30% of the issued capital of the Company, the requirement for an affirmative vote of shareholders with a majority of the capital represented by group A shares in respect of the above-mentioned issues from the moment the legal transaction leading to this situation takes place will be automatically repealed, so as not to revive it later.

The Company has two types of privileges on Group A shares, namely nomination of candidates in the election of Board members and the right of veto on the above-mentioned issues. The Company currently has 60% Group A shareholders.

\* All of the nominal 5,733,502 shares bought back by the company during the accounting period were sold to a corporate investor residing abroad, on 23.12.2022, at a price of 24.76 TL per share, with a special order in Borsa Istanbul. On the other hand, the share repurchase procedures initiated by our Company's Board of Directors decision dated 14.02.2022 are still in effect, and share repurchases by our Company will continue within the framework of the relevant legislation and in line with market conditions.



## RATINGS

### Credit Rating

Aydem Renewables underwent five rating (including revisions) processes with three rating institutions in 2022. Credit ratings received are listed below chronologically:

FITCH RATINGS (24.11.2022)	
Long-Term National Rating	B / (Negative Outlook)
S&P GLOBAL RATINGS (28.07.2022)	
Long-Term National Rating	B / (Stable Outlook)
FITCH RATINGS (18.07.2022)	
Long-Term National Credit Rating	B / (Negative Outlook)
JCR EURASIA RATING (30.05.2022)	
Long-Term International Foreign Currency Rating	BB / (Stable Outlook)
Long-Term International Local Currency Rating	BB / (Stable Outlook)
Long-Term National Rating	BBB+ (tr) / (Stable Outlook)
Long-Term National Issue Rating	-
Short-Term International Foreign Currency Rating	J3 / (Stable Outlook)
Short-Term International Local Currency Rating	J3 / (Stable Outlook)
Short-Term National Rating	J2 (tr) / (Stable Outlook)
Short-Term National Issue Rating	-
FITCH RATINGS (16.02.2022)	
Long-Term National Credit Rating	B+ / (Negative Outlook)

### Corporate Governance Rating

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri (SAHA Rating) issued a rating report on April 20, 2022, to assess the Company's compliance level with Corporate Governance Principles released by the Capital Markets Board. Accordingly, Aydem Renewables' Corporate Governance Compliance note stood at 948. This demonstrated the high level of compliance the Company achieved with the Corporate Governance Principles released by CMB. With this score, the Company was included in Borsa Istanbul's Corporate Governance Index (XKURY) on April 21, 2022.

When looking into the findings of SAHA Rating's assessments on a scale of 1 - 100 scores, Aydem Renewables scored 91.60 for the Shareholders section, while scoring 98.76 for the Public Disclosure and Transparency section, 99.24 for Stakeholders section, 92.23 for the Board of Directors section, all of which represent an outstanding achievement. These high scores enabled the Company to rank first among the companies in the energy sector which underwent a corporate governance assessment for the first time.

### Scores in Carbon Disclosure Project reporting

Carbon Disclosure Project, Climate Change, and Carbon Disclosure Project Water Security Reporting  
In line with the perspective "always forward for the environment," Aydem Renewables acts in compliance with and even beyond legal requirements about its environmental responsibilities at every stage and in every field and performs CDP Climate Change and CDP Water Security reporting.

Aydem Renewables attained an "A Leadership Level," the highest score to attain for Water Security, and for Climate Change this year. With these scores, Aydem Renewables was successful enough to be included in the A List Report for CDP's Water Security 2022 which only has 106 companies and for CDP Climate Change A List Report 2022, which contains 295 countries from around the world.. This way, it has also become the first and only energy company from Türkiye to attain a ranking on the A List Report with leading companies of the world.

### Corporate Environmental, Social, and Governance (ESG) Performance

Aydem Renewables repeated its success of being the leader of its sector in Türkiye by achieving the "A1 Advanced Level" degree by scoring 65, in the Environmental, Social, and Governance (ESG) performance ranking made by the independent rating agency Moody's/Vigeo Eiris. Aydem Renewables also ranked first among 54 companies in the "Emerging Markets" world ranking.

As a participant from Türkiye in the United Nations Global Compact (UNGC), Aydem Renewables increased its score to 65 by 8 points in the ESG performance assessment for 2021. The Company surpassed 98 percent of the companies in the ranking where approximately 5,000 companies are evaluated worldwide.

## DONATIONS AND AIDS

As of the reporting period (January 1, 2022–December 31, 2022), donations amounting to TL 876,290 were made to various institutions and organizations within the framework of donations and aids and social responsibility projects.

## OTHER ISSUES

### If an Extraordinary General Assembly Meeting is Held during the Year, Information on the Extraordinary General Assembly Meeting Inclusive of the Date of the Meeting, Decisions Taken at the Meeting, and Any Actions Taken:

No extraordinary general assembly meeting held in 2022.

### Other Rights:

None.

### Information on the Company's Conflicts of Interest with Any Third Party Rendering Investment Consultancy or Rating Services and Measures Taken to Prevent Such Conflicts of Interest:

None.

### Company Executives' Transactions with the Company on Their Behalf or Behalf of Third Parties, or Their Activities Falling under a Non-Compete Clause Within the Scope of the Permission by the General Assembly:

Except for those transactions banned by the Turkish Commercial Code, Board Members receive the permission of the General Assembly to conduct the transactions outlined in the Turkish Commercial Code's Articles 395 and 396. According to the information available on Aydem Renewables, Board Members did not conduct any commercial activities on their behalf or behalf of third parties falling into the Company's business line in the accounting period 01.01.2022–31.12.2022.

### Insolvency:

The financial statements of the Company have been prepared based on the principle of continuity of the Company.

No developments have taken place concerning insolvency occurred after the reporting date. It shows that no uncertainty will raise doubts about the continuity of the business.

The fact that the Company's trade receivables from electricity sales have an average collection period of 45 days and a good collection capacity gives it an edge in terms of timely payment of short-term liabilities. Therefore, the Company does not require any financing to fund its working capital.

As of December 31, 2022, the Company's YEKDEM revenues accounted for approximately 79.93% of its total revenues. In addition, the Company's YEKDEM revenues are expected to continue for at least the next three years as per current agreements.

The Company assessed its operational sustainability and determined that it has sufficient resources to continue operations in the foreseeable future, taking into account the Company's revenue, profit, and liquidity generation capacity. The Company's management believes that no uncertainty would raise doubts about the sustainability of operations and has prepared its consolidated financial statements on the assumption that the business will continue to operate in the foreseeable future.

## OTHER ISSUES

### Analysis:

The Board of Directors assessed the results and plans for the 31 December 2022 operating period and determined that the targets were mostly achieved. The Company completed the accounting period that ended on December 31, 2022, with a net period profit of TL 1,018,070,601.

As of December 31, 2022, the Company has accumulated loss of TL 694,880,978 and a net period profit of 1,018,070,601. On the other hand, the Company's operating profit of TL 2,700,263,713 generated cash of TL 2,988,814,584 and a profit before interest, taxes and depreciation ("EBİTDA") of TL 3,471,643,925 was made from its operating activities.

The Company generates electricity sales revenues and collects them in an average of 45 days.. On the other hand, all debts payable within a year are included in current liabilities. The high turnover rate of the company's receivables is advantageous for the timely payment of short-term liabilities. The unit sales price of the Company in TL within the scope of the Renewable Energy Resources Support Mechanism ("YEKDEM") has increased significantly compared to the previous period in line with the exchange rate changes in the period ending on 31 December 2022.

### Explanations Regarding the Internal Audit and Risk Management Systems of the Corporation Within the Preparation Process of the Consolidated Financial Statements and Tables:

The consolidated financial statements have been prepared by the 2022 TFRS Taxonomy, which was developed by the KGK (Public Oversight, Accounting, and Auditing Standards Authority) and determined and announced to the public by the KGK's decision dated October 4, 2022, within the scope of the "Communique on Principles of Financial Reporting in Capital Markets" of the Capital Markets Board ("CMB") numbered II-14.1 and in accordance with the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"), based on subparagraph (b) of article 9 of the Decree-Law No. 660.

### Attainment of Targets Set in Previous Periods, Implementation of General Assembly Resolutions, and Any Reasons for Failure to Attain Targets or Implement Resolutions, and Assessments:

In accordance with the agenda items within the scope of the ordinary general assembly meeting, no agenda item has not been fulfilled.

### Information on Cross-Ownerships with over 5% Direct Participation Share in the Capital:

None.

### In Case the Ratio of the Shares We Own Falls Below or Exceeds These Ratios in Partnerships In Which We Have Directly or Indirectly, Five, Ten, Twenty, Twenty-Five, Thirty-Three, Fifty, Sixty-Seven or One Hundred Percent Shares in the Capital of a Capital Company; This Case and Its Underlying Reason:

None.

### Information on the Shares of the Enterprises Included in the Company in the Capital of the Parent Company:

Company enterprises do not have shares in the capital of the parent company.

### Additional Information:

None.

## INFORMATION ON RISK MANAGEMENT PRACTICES

### Risk Management

It is envisaged that the Company may be exposed to the following risks depending on the use of financial instruments.

**Credit Risk** is the risk of failure by a customer or counterparty to fulfill its contractual obligations and arises significantly from customer receivables.

**Liquidity Risk** is the risk that the Company will not be able to meet its future financial obligations. The Company's liquidity risk is managed by obtaining sufficient financing facilities from several financial institutions in a way that will not damage the Company or ruin its reputation so that current and future debt requirements can be funded under normal conditions or in situations of crisis.

**Market Risk** is the risk that changes in the money market, such as exchange rates, interest rates, or the prices of instruments traded in the securities markets, will change the value of the Company's income or financial assets. Market risk management aims to optimize return while controlling exposure to market risk within acceptable limits.

**Operational Risk** means the risks associated with the enterprise's structure such as Personnel Risk, Legal Risks, Technological Risks, Organization Risk, and Production Risk.

### Early Detection and Management of Risk

Our company has analyzed and evaluated all possible risks and taken all necessary measures to avoid any negative consequences or to dispose them of with minimal damage.

### Risks that the Company May Face

- The operation, maintenance, and renewal of power plants carry significant risks that can lead to unexpected power outages, low efficiency, and unexpected investment expenditures.
- Disabling or damaging a major power plant could have a negative impact on the company's operations.
- The Company is subject to certain risks associated with the supply and maintenance of equipment and services it needs for its current and future operations.
- The company may not be able to maintain relations with its suppliers.

- The planned procurements of the Company may not be concluded or if they are concluded, the said procurements may not return the expected benefit. Procurements may cause the Company's management to lose focus and increase the ratio of its debt to shareholders' equity. If the aforementioned procurements fail, it may reduce the company's profitability.
- The Company's failure to comply in any way with the transfer of operating rights for Adigüzel HPP and Kemer HPP could lead the competent authorities to take precautions or cancel the contractual operating rights.
- Legal action taken due to the allegation that any damage to the natural environment is caused by the construction or operation of the Company's power plants, compatibility studies, and/or interruptions to the generation activity at the power plants, may lead to an increase in costs.
- Operations performed during electricity generation activities may be hazardous and cause accidents. In certain cases, it can result in injury or property damage to persons. This may cause significant disruptions in the Company's operations and/or may expose the Company to judicial and administrative sanctions.
- The existing insurance policies of the Company may not be sufficient to cover all potential losses. It is not possible to have insurance to cover all risks that may occur in the event of an accident or damage or any other situation.
- The Company's activity is largely dependent on its information technologies ("IT") infrastructure. Delays, interruptions, or cyber-attacks on the Company's IT systems and networks may adversely affect the Company's operations.
- The Company may be exposed to risks due to the potential unethical or unlawful behavior of its employees, suppliers, agents, or other third parties.
- The Company has entered into and will continue to enter into related party transactions with, among other related parties, the indirect controlling shareholder.
- Loss of key personnel or inability to recruit key personnel and qualified employees may restrict company growth and adversely affect its operations.
- Workers employed at the Company's power plants being represented by trade unions may increase the Company's employment-related costs. An increased number of business slowdown actions may adversely affect the Company's operations.



## INFORMATION ON RISK MANAGEMENT PRACTICES

- The company may be adversely affected by changes in tax legislation or practices, increases in tax rates, or tax audits.
- The Company is jointly and severally responsible for the actions of its subcontractors that violate the laws and regulations. As a result of the activities of subcontractors, the Company's liability may arise or the Company may be subject to legal proceedings.
- The Company may be liable for some of the debts of Parla Solar due to the demerger transaction.
- The Company's indebtedness and financial obligations may adversely affect the Company's operations, financial position, and operating results.
- The Company is required to comply with certain commitments as part of Eurobond liabilities.
- Failure to obtain credit or capital due to fluctuations in credit and capital markets or other factors may make it harder for the Company to develop projects or finance acquisitions.
- Common concerns about public health, including the COVID-19 pandemic, can cause disruptions to the Company's operations, operating results, future expectations, or financial situation.
- The generation of electricity from renewable energy sources is largely based on suitable meteorological conditions (including the supply of water and wind in appropriate quantities).
- The electricity demand may decrease.
- The Company's activities are subject to the signing and maintenance of the necessary licenses, permits and regulations for the operation of its power plants and of the mandatory agreements signed with public institutions.
- Electricity market prices and estimated prices may vary significantly.
- Decreasing or interrupted government support for renewable energy or other changes in the government energy policy and energy legislation may adversely affect the Company's future investment and growth plans.
- The Company is subject to possible exchange rate risk for Completion Payments under the YEKDEM incentive, and when the YEKDEM period for the Company's power plants expires, the Company's exchange rate risk will increase.
- The company may face major uncertainties about the development of new power plants. New projects may not be efficient, may never be completed, or may not perform as expected.
- Operational difficulties in connecting to the transmission and distribution network may adversely affect the Company's ability to sell the electricity it generates.
- The company is subject to collection risk arising from electricity sales.

## INFORMATION ON PRIVATE AUDIT AND PUBLIC AUDIT CONDUCTED IN 2022

Audit studies have been carried out by Güney Bağımsız Denetim ve S.M.M.M. A.Ş. (Ernst & Young) as of 30 June 2022 (limited audit), and 31 December 2022.

## DIVIDEND DISTRIBUTION POLICY

The version adopted by the Board resolution dated 06.07.2020 and numbered 2020/27 has been amended and approved at the General Assembly dated 14.08.2020.

### Article 1: Scope and Legal Basis

This dividend distribution policy establishes the principles for the dividend and dividend advances to be paid by Aydem Renewables ("Company") under its Articles of Association ("Articles of Association") and other related regulations.

This policy has been prepared under the Articles of Association, Capital Markets Law No. 6362 ("CML"), Turkish Commercial Code No. 6102 ("TCC"), Communiqué on Dividends No. II-19.1 ("Communiqué on Dividends"), Communiqué on Corporate Governance No. II-17.1 and related legislation.

### Article 2: Purpose

The dividend distribution policy aims to ensure that a balanced and consistent policy is adopted between the investors' and the Company's interests in accordance with the relevant legislation, to inform the investors, and to maintain a transparent dividend distribution policy vis a vis the investors.

### Article 3: Dividend Distribution Principles

The decision to distribute dividends is made, and the manner and timing of dividend distribution are determined by the General Assembly of the Company upon the proposal of the Board of Directors.

So long as the relevant regulations and finances allow, taking into consideration market expectations, the Company's long-term strategies, capital requirements of subsidiaries and affiliates, investment and financing policies, contractual obligations, profitability, and cash position, and national and global economic conditions, it is intended that at least 50% of the distributable net profit for the period calculated in accordance with the Articles of Association, the TTC, the Capital Markets Law, Dividend Distribution Communiqué and tax regulations will be distributed to the shareholders and other partakers in profit. Dividends may be distributed in the form of cash and/or bonus shares and/or using the combination of these two methods in specific proportions.

Dividends shall be distributed equally to all existing shares on the date of the dividend distribution, notwithstanding the date of issue or acquisition. There are no dividend privileges among the Company's shares.

Payments related to dividends may also be made in equal or differing installments, provided that the distribution of dividends is resolved at the general assembly meeting.

Unless the reserves are set aside in line with the Turkish Commercial Code and the Articles of Association and the dividends determined for the shareholders in the Articles of Association or this dividend policy are set aside, it may not be decided to allocate other reserves or to transfer profits to the next year and to distribute dividends to holders of dividend shares, members of the Board of Directors, Company employees, foundations and persons and institutions other than shareholders; and unless the dividend determined for the shareholders are paid in cash, no dividends may be distributed to these individuals.

Dividend distribution transactions begin on the date determined by the general assembly, provided that they begin no later than the end of the accounting period in which the general assembly meeting for which the distribution decision is held.

Pursuant to the Articles of Association, the decision of the General Assembly to distribute dividends cannot be revoked unless permitted by law. Several factors including financial opportunities, market expectations, long-term strategies of the Company, capital requirements of subsidiaries and affiliates, investment and financing policies, contractual obligations, profitability, and cash situation, national and global economic conditions but not limited to these, determine the implementation of this policy and the rate of dividend to be distributed in cash. For the avoidance of doubt, if the profit distribution conflicts or does not overlap with these elements, the Company's Board reserves the right not to make a profit distribution recommendation and the General Assembly reserves the right not to make a profit distribution decision.

### Article 4: Dividend Advances Distribution Principles

The General Assembly of the Company may decide to distribute dividend advances to shareholders under the provisions of the CML and other relevant legislation. When calculating and distributing the amount of dividend advances, the provisions of the relevant legislation shall apply.

Dividend advance is distributed in cash using the profits in the Company's interim financial statements. The dividend advance for a specific interim period cannot be distributed in installments. The dividend advance is distributed equally to all existing shares on the date of the dividend distribution, notwithstanding the date of issue or acquisition.

## DIVIDEND DISTRIBUTION POLICY

The dividend advance to be distributed cannot exceed one-half of the remaining amount after the reserves and accumulated losses, which are calculated according to the TCC and Articles of Association, have been deducted from the net profit for the period as per the interim financial statements.

The total amount of dividend advance to be given in an accounting period;

- cannot exceed the lower of either half of the net profit for the previous year,
- or other sources that may be subject to dividend distribution, excluding net profit for the period included in the relevant interim financial statements.

If more than one dividend advance payment is made within the same accounting period; when calculating the dividend advances to be paid in the following interim periods, the dividend advances paid in the previous interim periods are deducted from the calculated amount.

No additional dividend advances can be paid or dividends may be distributed in subsequent accounting periods without offsetting the dividend advances paid in previous accounting periods.

No dividend advances may be distributed to persons other than shareholders. The dividend advance is paid to the privileged shares notwithstanding the privileges.

### Article 5: Public Disclosure

Within the limits of the relevant regulations, the board of directors' proposal for dividend distribution or the board of directors' resolution for dividend advance distribution, form and content thereof as well as the dividend distribution table or the dividend advance distribution table, are disclosed to the public. Moreover, if a change is requested in this dividend distribution policy, the resolution of the board regarding this change and the reason for the change is also disclosed to the public.

This policy shall be disclosed to the public on the Company website following the approval of the General Assembly.

## DIVIDEND DISTRIBUTION PROPOSAL FOR 2022

According to Article 7 in the General Principles of Dividend Distribution section of the Capital Markets Board (CMB) Dividend Guide, the entire amount of dividends decided to be distributed can only be distributed as long as they can be met with existing net distributable profits or other sources in legal records (kept in accordance with the Tax Procedure Code). In other words, the upper limit of the amount of dividends to be distributed is the distributable amount of the relevant profit distribution sources contained in the legal records.

In this context, no dividend distribution will be made.

## DIVIDEND DISTRIBUTION TABLE FOR 2022

AYDEM YENİLENEBİLİR ENERJİ A.Ş.		
DIVIDEND DISTRIBUTION TABLE FOR 2022		
<b>1. Paid-in/Issued Capital</b>		<b>705,000,000</b>
<b>2. Total Legal Reserves (According to Legal Records)</b>		<b>1,523,866</b>
<b>If there are privileges for dividend distribution according to the Articles of Association, information on such privileges</b>		<b>None</b>
	<b>According to CML</b>	<b>According to Legal Records</b>
3. Profit Before Tax	1,424,332,417	(647,684,003)
4. Tax Expense (-)	406,261,816	
5. Net Profit (=)	1,018,070,601	(647,684,003)
6. Prior Years' Losses (-)	694,880,978	2,492,268,206
7. General Legal Reserves According to Legal Records	1,523,866	1,523,866
<b>8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)</b>	<b>321,665,757</b>	<b>0</b>
9. Donations made during the year (+)	876,290	876,290
10. Net, including donations to be calculated for the first dividend	-	-
11. First Dividend to Shareholders	-	-
- Cash	-	-
- Bonus	-	-
- Total	-	-
12. Dividends Distributed to Owners of Privileged Shares	-	-
13. Dividend Distributed to Members of the Board of Directors, Employees, etc.	-	-
14. Dividend Distributed to Holders of Dividend Shares	-	-
15. Second Dividend to Shareholders	-	-
- Cash	-	-
- Bonus	-	-
- Total	-	-
16. General Legal Reserves	-	-
17. Statutory Reserves	-	-
18. Special Reserves	-	-
<b>19. EXTRAORDINARY RESERVES</b>	<b>321,665,757</b>	<b>0</b>
20. Other Distributable Items		

DIVIDEND RATES TABLE FOR 2022					
	TOTAL DISTRIBUTED PROFIT		TOTAL DISTRIBUTED PROFIT	TL 1 NOMINAL	
	CASH (TL)	BONUS (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
GROSS	-	-	0,00	0,000	0,00
NET (*)	-	-	0,00	0,000	0,00

(\*) The net calculation is made with the assumption that there will be 15% income tax withholding.



## STATEMENT OF RESPONSIBILITY

### AYDEM YENİLENEBİLİR ENERJİ A.Ş.

#### STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN THE CAPITAL MARKET NUMBERED 11-14.1

#### RESOLUTION OF THE BOARD REGARDING THE ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

**RESOLUTION DATE: 02.03.2023**

**RESOLUTION NO.: 2023/07**

We present, for your information, the accompanying 01.01.2021 – 31.12.2021 accounting period's "Consolidated Statement of Financial Position," "Statement of Comprehensive Income," "Cash Flow Statement," "Statement of Changes in Equity," and "Annual Report of the Board of Directors," ("Financial Reports") "Corporate Governance Information Form" and Corporate Governance Compliance Report," all of which, together with their footnotes, prepared by our company, have been subjected to a limited-scope audit by the independent auditing firm Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited), and conform to Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and to CMB-specified formats as required by Capital Markets Board Communique II-14.1 concerning Financial Reporting in Capital Market ("Communique"). We hereby declare that these Financial Reports

- were reviewed by us in line with the CMB regulations,
- that they do not cover any misstatements on important issues or any incomplete information that may be misleading as of the statement date, within the framework of the information we have in our areas of responsibility and assignment at the Company,
- Within the framework of information available to us by our duties and responsibilities at the Company, they honestly reflect the true picture of the Company's assets, liabilities, financial position, and profits or losses, including those of entities whose financial reports conform to the Communique and are subject to consolidation and that the annual report honestly reflects the conduct and performance of the business as well as the financial position of and the material risks and uncertainties confronting the Company along with any entities subject to consolidation with it.

We hereby acknowledge our responsibility for the foregoing statements.

Regards,

**Chairman of Audit Committee**  
**Ersin AKYÜZ**  
(T.R. Identification No: 641\*\*\*\*\*890)

**Member of Audit Committee**  
**Mehmet Hayati ÖZTÜRK**  
(T.R. Identification No: 359\*\*\*\*\*800)

**Member of Audit Committee**  
**Fatma Dilek BİL**  
(T.R. Identification No: 286\*\*\*\*\*554)

**Member of Audit Committee**  
**Serpil DEMİREL**  
(T.R. Identification No: 112\*\*\*\*\*028)

**Company General Manager**  
**Ömer Fatih KEHA**  
(T.R. Identification No: 349\*\*\*\*\* 248)

**Financial Reporting**  
**Responsible Manager**  
**Hamdi ALP**  
(T.R. Identification No: 436\*\*\*\*\*76)

## ANNUAL AFFILIATION REPORT

Under Article 199 of the Turkish Commercial Code No. 6102, our Company's Board of Directors made the following statement in its affiliation report regarding its relations with the controlling company and a company affiliated with the controlling company. Concerning all transactions made with the controlling company and its subsidiaries in the 01.01.2022 - 31.12.2022 operating period, the legal transactions made in favor of the controlling company or its affiliated company and all measures taken or avoided in favor of the controlling company or its affiliated company in the 2022 operating period, with the direction of the controlling company and in accordance with the circumstances and conditions known to us, have been evaluated. We declare that our Company has not incurred such a loss and that no advantage has been obtained as a result of a transaction that took place in accordance with the known circumstances and conditions in the 2022 operating period and that there will be no benefit or loss equalization for the controlling shareholder.

**Chairman**  
**Aydem Holding A.Ş. Represented by**  
**İdris KÜPELİ**

**Vice-Chairman of the Board**  
**Ömer Fatih KEHA**

**Board Member**  
**Mehmet Gökay ÜSTÜN**

**Board Member**  
**Asya Vuslat SALDANLI**

**Independent Board Member**  
**Serpil DEMİREL**

**Independent Board Member**  
**Fatma Dilek BİL**

**Independent Board Member**  
**Mehmet Hayati ÖZTÜRK**

**Independent Board Member**  
**Ersin AKYÜZ**

## DECLARATION FOR THE ANNUAL REPORT 2022

### AYDEM YENİLENEBİLİR ENERJİ A.Ş. DECLARATION FOR THE ANNUAL REPORT 2022

"This report has been prepared in accordance with the provisions of the "Regulation on Determining the Minimum Content of the Annual Reports of Companies" published in the Official Gazette dated 28.08.2012 and numbered 28395 by the Ministry of Customs and Trade and signed and approved by the Company Board Members whose names are provided below.

Under Article 199 of the Turkish Commercial Code No. 6102, our Company's Board of Directors made the following statement in its affiliation report regarding its relations with the controlling company and a company affiliated with the controlling company.

"Concerning all transactions made with the controlling company and its subsidiaries in the 01.01.2022 - 31.12.2022 operating period, the legal transactions made in favor of the controlling company or its affiliated company and all measures taken or avoided in favor of the controlling company or its affiliated company in the 2021 operating period, with the direction of the controlling company and in accordance with the circumstances and conditions known to us, have been evaluated. We declare that our Company has not experienced such a loss and that no advantage has been obtained as a result of a transaction that took place in accordance with the known circumstances and conditions for the 2022 operating period and that there will be no benefit or loss equalization for the controlling shareholder."



**Chairman**  
**Aydem Holding A.Ş. Represented by**  
**İdris KÜPELİ**



**Vice-Chairman of the Board**  
**Ömer Fatih KEHA**



**Board Member**  
**Mehmet Gökay ÜSTÜN**



**Board Member**  
**Asya Vuşlat Saldanlı**



**Independent Board Member**  
**Serpil DEMİREL**

**Independent Board Member**  
**Fatma Dilek BİL**



**Independent Board Member**  
**Mehmet Hayati ÖZTÜRK**



**Independent Board Member**  
**Ersin AKYÜZ**

## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



**Building a better  
working world**

Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report originally issued in Turkish)

### INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Aydem Yenilenebilir Enerji A.Ş.

#### 1) Opinion

We have audited the annual report of Aydem Yenilenebilir Enerji A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2022-31/12/2022.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

#### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 2 March 2023 on the full set consolidated financial statements of the Group for the period of 1/1/2022-31/12/2022.

#### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.



## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



(Convenience translation of a report originally issued in Turkish)

- c) The annual report also includes the matters below:
- Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

### 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Onur Ünal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Onur Ünal, SMMM  
Partner

## Aydem Yenilenebilir Enerji Anonim Şirketi and its Subsidiaries

## Consolidated Financial Statements for the Year Ended 31 December 2022 and Independent Auditor's Report



Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aydem Yenilenebilir Enerji Anonim Şirketi

#### A) Report on the Audit of the Consolidated Financial Statements

##### 1) Opinion

We have audited the consolidated financial statements of Aydem Yenilenebilir Enerji Anonim Şirketi (the Company) and its subsidiaries the Group, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

##### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### 3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<b>Valuation of power plants</b>	
<p>Power plants comprises 87.1% of total assets of the Group as at 31 December 2022. The Group measures power plants using the revaluation method as stated in Note 2.8 in the consolidated financial statements; therefore, management makes estimates and uses assumptions to determine those fair values. The fair value is measured, as explained in note 2.8 to the consolidated financial statements, based on appraisal reports by independent and external appraisers. For the valuations, estimates are made of the expected future cash flows taking into account the related risks.</p> <p>Detailed explanations on property, plant and equipment are provided in Note 2.8 and Note 9.1 to the consolidated financial statements.</p> <p>Since the valuation of power plants is complex and highly dependent on estimates and assumptions, and also given the magnitude of the amounts involved, we consider the valuation of power plants as a key audit matter.</p>	<p>Among the other audit procedures we performed, we assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>We have evaluated the appropriateness of the information and assumptions used in the valuations. These include the estimates by the external appraisal firms (such as the market price, production volume and discount rate). For this assessment, we involved valuation experts from another entity that we have engaged with to support our audit. We assessed whether the valuation methods as applied by appraisers are acceptable for the valuation of the power plants.</p> <p>In addition, we have assessed the appropriateness of the disclosures in the consolidated financial statements and notes regarding the above-mentioned accounting policy, estimates used and the valuation methodology and their conformity to TFRS.</p>





**3) Key Audit Matters (Continue'd)**

Key Audit Matter	How our audit addressed the key audit matter
<b>Cash Flow Hedge Transaction</b>	
<p>As stated in note 2.7, As of 31 December 2022, the Group used its bond amounting to USD 600.211.000 as a hedging instruments to hedge against the exchange rate risk resulting from the highly probable sales income earned in the scope of Renewable Energy Sources Support Mechanism ("YEKDEM") and bilateral agreements, and implemented cash flow hedge accounting for highly-probable YEKDEM and bilateral agreement sales as a result of efficiency tests carried out within this scope.</p> <p>The criteria for the application of the hedge accounting include defining, documenting and regularly testing the effectiveness of the hedge accounting transactions. Due the fact that hedge accounting has complicated structure and requires complex calculations, we considered this to be one of the key audit matters.</p>	<p>Among the other audit procedures we performed, we assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>We have evaluated the appropriateness of the information and assumptions used in the valuations. These include the estimates by the external appraisal firms (such as the market price, production volume and discount rate). For this assessment, we involved valuation experts of a firm which is in our audit network to support our audit. We assessed whether the valuation methods as applied by appraisers are acceptable for the valuation of the power plants.</p> <p>In addition, we have assessed the appropriateness of the disclosures in the consolidated financial statements and notes regarding the above-mentioned accounting policy, estimates used and the valuation methodology and their conformity to TFRS.</p>

**4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

**5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B) Report on Other Legal and Regulatory Requirements**

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 2 March 2023.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Onur Ünal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Onur Ünal, SMMM  
Partner

2 March 2023  
İstanbul, Türkiye

A member firm of Ernst & Young Global Limited

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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**AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Consolidated statement of financial position as at  
31 December 2022**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 31 December 2022	Audited 31 December 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	1,293,793,214	1,525,592,118
Financial Investments	27	355,344,664	2,704,681
Trade Receivables		1,304,097,762	147,835,801
- Due from Related Parties	5	1,232,399,579	127,311,860
- Due from Third Parties	6	71,698,183	20,523,941
Other Receivables		65,474,749	22,946,045
- Due from Related Parties	5	35,007,156	15,530,259
- Due from Third Parties	7	30,467,593	7,415,786
Inventories	8	8,961,584	8,556,333
Prepaid Expenses	26	20,098,838	32,815,063
Other Current Assets	13.1	51,062	28,417
<b>TOTAL CURRENT ASSETS</b>		<b>3,047,821,873</b>	<b>1,740,478,458</b>
<b>Non-Current Assets</b>			
Other Receivables		1,551,818	2,740,754
- Other Receivables due from Third Parties	7	1,551,818	2,740,754
Property, Plant and Equipments	9.1, 2.12	31,516,128,533	20,288,516,897
Right of Use Assets	9.2	119,616,453	27,802,539
Intangible Assets	10	293,108,113	298,995,009
Investment properties		10,131,324	-
Prepaid Expenses	26, 2.12	390,314,940	161,897,442
Other Non-current Assets	13.2	11,032,099	10,925,788
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,341,883,280</b>	<b>20,790,878,429</b>
<b>TOTAL ASSETS</b>		<b>35,389,705,153</b>	<b>22,531,356,887</b>

The accompanying notes form an integral part of these consolidated financial statements.

**AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Consolidated statement of financial position as at  
31 December 2022**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 31 December 2022	Audited 31 December 2021
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short-term portion of Long-term Financial Liabilities	23.1	1,005,910,538	763,819,958
Lease Liabilities	23.2	5,439,020	4,734,769
Trade Payables		475,174,256	68,147,916
- Due to Related Parties	5	7,724,157	4,124,009
- Due to Third Parties	6	467,450,099	64,023,907
Liabilities for Employee Benefits	12	3,332,249	1,471,629
Other Payables		235,708	491,732
- Due to Third Parties		235,708	491,732
Current Provisions		35,058,175	20,643,094
- Provisions for Employee Benefits	11.1	22,597,724	6,506,072
- Other Short-term Provisions	11.1	12,460,451	14,137,022
Other Current Liabilities	13.3	72,995,119	17,324,105
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,598,145,065</b>	<b>876,633,203</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	23.1	12,181,302,520	9,292,574,451
Lease Liabilities	23.2	25,138,096	25,143,494
Other Payables		40,210,706	37,092,472
- Due to Related Parties	5	40,210,706	37,092,472
Non-current Provisions		34,742,233	11,543,311
- Provisions for Employee Benefits	11.4	34,742,233	11,543,311
Deferred Tax Liabilities	22	4,431,914,609	2,485,110,016
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,713,308,164</b>	<b>11,851,463,744</b>
<b>TOTAL LIABILITIES</b>		<b>18,311,453,229</b>	<b>12,728,096,947</b>

The accompanying notes form an integral part of these consolidated financial statements.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Consolidated statement of financial position as at 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 31 December 2022	Audited 31 December 2021
<b>EQUITY</b>			
Paid-in Capital	14	705,000,000	705,000,000
Share Premium / Discount		186,171,649	91,418,338
Restricted Reserves	14	1,523,866	1,523,866
<b>Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods</b>		21,091,055,621	13,228,664,194
- Gains on Revaluation of Property, Plant and Equipment		21,105,254,202	13,225,881,526
- Actuarial Gains / (Losses) on Defined Benefit Plans		(14,198,581)	2,782,668
<b>Other Comprehensive Income that may be reclassified to loss or profit in subsequent periods</b>		(5,228,688,835)	(3,000,188,096)
- Reserve of / (Losses on) Cash Flow Hedge		(5,228,688,835)	(3,000,188,096)
Accumulated Losses		(694,880,978)	(1,102,866,722)
Net Income / (Loss) for the Period		1,018,070,601	(120,291,640)
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>17,078,251,924</b>	<b>9,803,259,940</b>
<b>TOTAL EQUITY</b>		<b>17,078,251,924</b>	<b>9,803,259,940</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,389,705,153</b>	<b>22,531,356,887</b>

The accompanying notes form an integral part of these consolidated financial statements.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Consolidated statement of profit or loss and other comprehensive income for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 1 January – 31 December 2022	Audited 1 January – 31 December 2021
<b>Loss or Profit Statement</b>			
Revenue	15	3,807,844,798	1,240,753,398
Cost of Sales	16	(1,405,210,503)	(725,768,454)
<b>Gross Profit</b>		<b>2,402,634,295</b>	<b>514,984,944</b>
General Administrative Expenses	17	(163,515,386)	(100,007,917)
Other Operating Income	19	471,144,900	10,223,158
Other Operating Expenses	19	(10,000,096)	(7,779,304)
<b>Operating Profit</b>		<b>2,700,263,713</b>	<b>417,420,881</b>
Gains from Investing Activities	21	5,521,517	4,793,107
<b>Profit Before Net Finance (Expense) / Income</b>		<b>2,705,785,230</b>	<b>422,213,988</b>
Finance Income	20	611,393,725	707,563,009
Finance Expense	20	(1,892,846,538)	(1,144,109,805)
<b>Net Finance Expense</b>		<b>(1,281,452,813)</b>	<b>(436,546,796)</b>
<b>(Loss) / Gain Before Tax</b>		<b>1,424,332,417</b>	<b>(14,332,808)</b>
<b>Tax Expense</b>		<b>(406,261,816)</b>	<b>(105,958,832)</b>
- Current Tax Expense	22	-	(17,581,616)
- Deferred Tax Expense	22	(406,261,816)	(88,377,216)
<b>Net Income / (Loss) for the Period</b>		<b>1,018,070,601</b>	<b>(120,291,640)</b>
<b>Gain / (Loss) Attributable To:</b>			
Equity Holders of the Parent		1,018,070,601	(120,291,640)
<b>Gain Earnings per share</b>			
- Gain Earnings per share		1,45	(0,17)
<b>Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods</b>		<b>8,390,668,811</b>	<b>6,985,789,162</b>
- Increases (Decreases) in Property, Plant and Equipments Revaluation		10,509,562,575	8,732,319,029
- Actuarial (Losses) on Defined Benefit Plans		(21,226,563)	(82,576)
- Tax Related to Other Comprehensive Income that will not be reclassified to Loss or Profit		(2,097,667,201)	(1,746,447,291)
<b>Other Comprehensive Income that may be reclassified to loss or profit in subsequent periods</b>		<b>(2,228,500,739)</b>	<b>(3,000,188,096)</b>
- Reserve of (Losses) Gains on Cash Flow Hedge		(2,785,625,924)	(3,750,235,120)
- Tax Related to Other Comprehensive Income that will be reclassified to Loss or Profit		557,125,185	750,047,024
<b>Other Comprehensive Income</b>		<b>6,162,168,072</b>	<b>3,985,601,066</b>
<b>Total Comprehensive Income</b>		<b>7,180,238,673</b>	<b>3,865,309,426</b>

The accompanying notes form an integral part of these consolidated financial statements.



## Consolidated statement changes in equity for the year period ended 31 December 2022 and 2021

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Other comprehensive income that will not be reclassified to (loss) or profit		Other comprehensive income that will be reclassified to (loss) or profit		Net income / (loss) for the period	Total equity
	Paid-in capital	Share premium / discount	Restricted Reserves	Reserve of (losses) gains on cash flow hedge		
<b>Balance as of 1 January 2021</b>	700,000,000	513,19,818	1,523,866	2,848,729	(773,286,902)	5,892,851,994
Transfers	-	-	-	-	567,280,969	-
Net income / (loss) for the period	-	-	-	-	(120,291,640)	(120,291,640)
Other comprehensive income / (expense)	-	-	-	-	(120,291,640)	3,985,601,066
<b>Total comprehensive income</b>	5,000,000	-	-	(66,061)	-	3,865,309,426
Capital increase **	-	-	-	(3,000,188,096)	-	5,000,000
Acquisition of own shares ***	-	40,098,520	-	(3,000,188,096)	-	40,098,520
Depreciation transfers related to revaluation of property, plant and equipment	-	-	-	-	237,701,149	-
<b>Balance as of 31 December 2021</b>	705,000,000	91,418,338	1,523,866	2,782,668	(1,102,866,722)	9,803,259,940
<b>Balance as of 1 January 2022</b>	705,000,000	91,418,338	1,523,866	2,782,668	(1,102,866,722)	9,803,259,940
Transfers	-	-	-	-	(120,291,640)	-
Net income / (loss) for the period	-	-	-	-	120,291,640	1,018,070,601
Other comprehensive income / (expense)	-	-	-	(16,981,249)	-	6,162,168,072
<b>Total comprehensive (expense) / income</b>	-	-	-	(16,981,249)	-	7,180,238,673
Acquisition of own shares *	-	94,753,311	-	(2,228,500,739)	-	94,753,311
Depreciation transfers related to revaluation of property, plant and equipment	-	-	-	-	528,277,384	-
<b>Balance as of 31 December 2022</b>	705,000,000	186,171,649	1,523,866	(14,198,581)	(694,880,978)	17,078,251,924

\* The Company has planned to make its own share repurchase transactions in order to protect its shareholders, to contribute to the formation of a stable share price in line with its real value, and to preserve the confidence in the Company by considering that the share price did not reflect the actual performance of the Company's activities, in line with the CMB's statements on 14 February 2022, dated 21 July 2016, 25 July 2016 and 23 March 2020. It has been unanimously approved by the Board of Directors and the maximum number of shares that can be repurchased has been determined as 20,000,000 with a nominal value of TL 20,000,000. The Company Management has evaluated that it will not have any consequences against the Company and the investors and that the use of the Company's existing resources for repurchase will not affect the Company's cash needs. In this context, the fund to be allocated for repurchase has been determined as a maximum of TL 170,000,000, to be met from the cash generated from the Company's activities and its current resources.

Within the scope of the share buyback transactions initiated by the decision of the Board of Directors, 5,733,502 shares have been bought back in the amount of TL 47,208,198 by our Company for the year ended 31 December 2022. Pursuant to the resolution of our Board of Directors dated 23 December 2022, all of the above-mentioned repurchased shares were sold by our Company to a non-resident institutional investor at a price of TL 24.76 per share and through block sale method with a special order in Istanbul Stock Exchange (BIST) in the amount of TL 141,961,509.

\*\* With the decision of the Board of Directors dated 26 April 2021, the Company's issued capital increased by TL 5,000,000 in cash and was registered with the Turkish Trade Registry Gazette dated 10 June 2021 and numbered 10346.

\*\*\* 5,000,000 shares of the Company with a nominal value of 1 TL were offered to the public on 29 April 2021 and were sold at TL 9.9 per share. The amount of TL 5,000,000 was used in the capital increase and the remaining portion was recorded in the "Share Premium" account. Expenses amounting to TL 4,401,480 incurred within the scope of initial public offering was deducted from Share Premium within the scope of TAS 32.

The accompanying notes form an integral part of these consolidated financial statements.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Consolidated statement of cash flows for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited	Audited
		1 January-31 December 2022	1 January-31 December 2021
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>2,988,814,584</b>	<b>1,301,635,806</b>
Net income / (loss) for the period		1,018,070,601	(120,291,640)
Net income / (loss) for the period adjustment to reconcile		3,266,222,461	1,619,911,449
Adjustment related to amortization and depreciation	9, 10	771,380,212	454,696,539
Adjustment related to provisions		19,153,786	9,729,311
Adjustment related to incomes / expenses of interest, net		1,096,409,482	485,438,486
Adjustment related to tax income / expense	22	406,261,816	105,958,832
Adjustment related to exchanges differences	20	975,122,916	593,908,332
Adjustment related to gains of sales of tangible and intangible assets, net	21	(3,896,157)	(2,925,496)
Adjustment to related party to interest incomes / expenses from related parties		(1,327,828)	(226,946)
Other adjustments to reconcile net loss / income		3,118,234	(26,667,609)
<b>Change in working capital</b>		<b>(1,281,738,062)</b>	<b>(191,756,934)</b>
Related to increase / decrease in restricted accounts		(343,272,633)	-
Related to increase / decrease in trade receivables		(1,157,008,207)	(94,534,069)
Related to increase / decrease in other receivables		(257,074,999)	(101,577,058)
Related to increase / decrease in the inventories	2.12	(405,251)	(206,752)
Related to increase / decrease in trade payables		407,026,340	18,503,557
Related to increase / decrease in other payables		67,136,068	(12,654,543)
Related to increase / decrease in liabilities for employee benefits		1,860,620	(1,288,069)
Taxes paid		(11,721,077)	(5,860,539)
Employee termination benefit paid	11.4	(2,019,339)	(366,530)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,453,973,824)</b>	<b>(249,929,767)</b>
Interest received		33,200,884	6,243,618
Inflow related to sales of tangible and intangible assets	9	5,410,112	6,677,076
Outflow related to purchase of tangible and intangible assets	9, 10, 2.12	(1,485,021,840)	(198,030,461)
Cash inflows arising from acquisition of shares or debt instruments of other businesses or funds		20,613,381	-
Cash outflows arising from acquisition of shares or debt instruments of other businesses or funds		(28,176,361)	-
Outflow related to payment of debts to the privatization administration		-	(64,820,000)
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		<b>(1,766,639,664)</b>	<b>328,361,001</b>
Cash inflow related to proceeds from borrowings		-	6,245,487,625
Cash outflow related to repayment of borrowings	23.1	(856,694,561)	(5,707,089,212)
Cash outflow related to lease liabilities	23.1	(107,628,096)	(6,072,962)
Other cash inflow / outflow		-	(8,080,612)
Cash outflows for the acquisition of own shares		141,961,509	40,098,520
Cash inflows for the sales of on shares		(47,208,198)	-
Capital increase		-	5,000,000
Interest paid	23.1	(897,070,318)	(240,982,358)
<b>NET INCREASE / DECREASE CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(231,798,904)</b>	<b>1,380,067,400</b>
<b>D. CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD</b>		<b>1,525,592,118</b>	<b>145,525,078</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>		<b>1,293,793,214</b>	<b>1,525,592,118</b>

The accompanying notes form an integral part of these consolidated financial statements.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 1 Organization and nature of operations of the Group

Aydem Yenilenebilir Enerji Anonim Şirketi ("Aydem Yenilenebilir" or "the Company") was established on 6 July 1995 as Bereket Enerji Üretim Otoprodüktör Grubu Sanayi ve Ticaret Anonim Şirketi. The Company first changed its corporate name to Bereket Enerji Üretim Anonim Şirketi on 21 May 2004 and then on 27 December 2019, the Company changed again its corporate name to Aydem Yenilenebilir Enerji Anonim Şirketi. In 2019, the Company has been restructured in a way that it operates solely in renewable energy generation business. In relation to the restructuring process, Aydem Yenilenebilir has merged with all of its subsidiaries which are operating in renewable energy generation business and disposed the non-relevant operations and subsidiaries and became a pure renewable energy generation Company. The Company has started to be traded on Borsa Istanbul as of 29 April 2021.

In these consolidated financial statements, Aydem Yenilenebilir, its subsidiaries and its associate are referred to together as "the Group".

Aydem Yenilenebilir generates electricity from local renewable sources. The Group installed its first hydroelectric power plant ("HPP") on the Bereket Çayı stream and continues to generate electricity with hydro, wind ("WPP"), solar power plant ("SOLAR") and geothermal ("GPP") in different regions of the country.

The address of the registered office of the Group is as follows:

Adalet Mah. Hasan Gönüllü Bulvarı No:15/1 Merkezefendi, Denizli.

As of 31 December 2022 and 31 December 2021, the Group's subsidiaries ("subsidiaries") and their main business activities are as follows:

Subsidiaries	Location	Main Activities	Ownership Percentage	
			31 December 2022	31 December 2021
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. ("Ey-tur")/HPP	Kağızman/Kars	Electricity generation by hydropower	100%	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. ("Başat")/HPP	Üzümlü/Erzincan	Electricity generation by hydropower	100%	100%
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	İzmir	Trading of electricity	100%	100%
Akköprü Yenilenebilir Enerji A.Ş. ("Akköprü HPP") *	Muğla	Electricity generation by hydropower	100%	100%

\* Akköprü HPP was established on 15 October 2021. The Group was awarded the Akköprü HPP with a capacity of 115 MW in the tender held by The Republic of Turkey Prime Ministry Privatization administration on 23 September 2021. However, the tender was cancelled on 19 January 2022 with the President's Decision and this decision was notified to Company on 24 January 2022.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 1 Organization and nature of operations of the Group (continued)

As of 31 December 2022 and 31 December 2021, the number of employees of the Company and its subsidiaries and its associate are as shown in the table below:

The Company and its subsidiaries	31 December 2022	31 December 2021
Aydem Yenilenebilir	556	537
Sarı Perakende	-	-
Ey-Tur	-	-
Başat	-	-
Akköprü	-	-
<b>Total</b>	<b>556</b>	<b>537</b>

#### Laws and regulations affecting the business activities

The Group is subject to the regulation and board decisions communiques issued by the Energy Market Regulatory Authority (EMRA) and obliged to carry out electricity generation and sales activities in accordance with the Electricity Market Law No.6446 dated 14 March 2013 which entered into force with the Official Gazette No.28603 dated 30 March 2013.

#### List of shareholders

As of 31 December 2022 and 31 December 2021, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

Shareholders	31 December 2022		31 December 2021	
	TL	%	TL	%
Aydem Enerji Yatırımları A.Ş.*	574,975,680	%81,56	574,975,010	%81,56
Publicly traded	130,000,000	%18,44	130,000,000	%18,44
Others	24,320	%0,00	24,990	%0,00
<b>Total</b>	<b>705,000,000</b>	<b>%100</b>	<b>705,000,000</b>	<b>%100</b>

\* Aydem Enerji Yatırımları A.Ş. is controlled by Aydem Holding A.Ş.

As of April 29, 2021, the company started to be traded on Borsa Istanbul - Yıldız Market.

#### Approval of consolidated financial statements:

Consolidated financial statements prepared as of 31 December 2022 were approved for publication by the Board of Directors on 2 March 2023. The General Assembly have the right to amend the consolidated financial statements.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements

##### 2.1 Basic principles of presentation

The accompanying interim condensed consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

The Group and its subsidiaries and associate maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance.

Consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the revaluated power plants, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

##### 2.2 Functional and presentation currency

The Group has presented its consolidated financial statements in TL, which is the functional currency of the Company and its subsidiaries as well as its associate.

Foreign currency transactions are translated into the functional currency (currencies other than TL) using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.3 Basis of Consolidation

Consolidated financial statements include the financial statements of the company and its subsidiaries as of 31 December 2022. Subsidiaries are companies over which the Group has direct or indirect control over their operations. Control is provided if the Group meets the following conditions:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- Events and conditions that may indicate whether the Group has the power to decide on management of operations (including voting at previous general assembly meetings)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements *(continued)*

##### 2.3 Basis of Consolidation *(continued)*

###### i) *Business combinations*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of TFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with TFRS 9. Other contingent consideration that is not within the scope of TFRS 9 is measured at fair value at each reporting.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

###### ii) *Subsidiaries:*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements *(continued)*

##### 2.3 Basis of consolidation *(continued)*

###### iii) *Associates:*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Associates are accounted for equity method in the consolidated financial statements. Under equity method, investment in an associate is initially recognised at cost. After initial recognition, Group's share of the profit or loss of the investee, is recorded to the financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss within operating profit when the associate's main course of business is renewable energy generation and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

###### iv) *Non-controlling interests*

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.3 Basis of consolidation (continued)

###### v) *Partial share purchase and sale transactions with non-controlling interests*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

###### vi) *Acquisition of companies under common control*

For the accounting of business combinations under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with carrying values of historical TFRS financial statements which were prepared for the purpose of consolidation of the ultimate parents' consolidated financial statements. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Share Premium / Discount".

###### vii) *Eliminations*

During the preparation of the consolidated financial statements, unrealized gains and losses arising from intra-group transactions between entities included in the consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

###### viii) *Loss of control*

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 2.4 Going Concern

The consolidated financial statements have been prepared in accordance with the going concern principle.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.5 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

###### i) **The new standards, amendments and interpretations which are effective as of January 1, 2022**

###### **Amendments to TFRS 3 – Reference to the Conceptual Framework**

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Group.

###### **Amendments to TAS 16 – Proceeds before intended use**

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The amendments did not have a significant impact on the financial position or performance of the Group.

###### **Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The amendments did not have a significant impact on the financial position or performance of the Group.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.5 The new standards, amendments and interpretations(continued)

###### Annual Improvements – 2018–2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The amendments did not have a significant impact on the financial position or performance of the Group.

###### ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

###### Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

###### TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2.5 The new standards, amendments and interpretations(continued)

###### Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

###### Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

###### Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Overall, the Group expects no significant impact on its balance sheet and equity.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2.5 The new standards, amendments and interpretations *(continued)*

##### Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

Overall, the Group expects no significant impact on its balance sheet and equity.

##### Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements *(continued)*

#### 2.6 Summary of significant accounting policies

##### Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control over the reporting entity.
  - has significant influence over the reporting entity.
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - The entity is controlled or jointly controlled by a person identified in (a).
  - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.6 Summary of significant accounting policies (continued)

###### Property, plant and equipment

###### *Accounting and measurement*

The Group, has adopted the revaluation method in accordance with TAS 16 for its entire power plants. Power plants are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Other tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is also stated at cost, net of accumulated impairment losses, if any. An investment in a power plant is classified as construction in progress during the physical construction process; when completed, it is transferred to the power plant class (Note 9.1) and recognized at fair value.

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipment consisting of the power plant as of 31 December 2021 and performed a detailed impairment analysis as of 31 December 2022. The Renewable Energy Group consist of power plants below:

- Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Uşak WPP, Yalova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, Mentaş HPP, Toros HPP, Göktaş I-II HPP, Aksu HPP, Akıncı HPP and Uşak SPP.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method over property, plant and equipment. Land is not depreciated on the basis that it has an indefinite life. Purchase costs are accounted by separating the land and building components in the purchases of buildings, including land.

The estimated useful lives of the significant property, plant and equipment as of 31 December 2022 are as follows:

	<u>Years</u>
Power plants	20-49

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.6 Summary of significant accounting policies (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Repair and maintenance costs are recognised in profit or loss as incurred.

A class of power plant is a grouping of assets of a similar nature and used in an entity's operations and contains land, buildings, machinery and equipment, furniture and fixtures.

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

###### Intangible assets

###### *Accounting and measurement*

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise rights to operate licences and computer software.

###### Right to Operate Licences

The Adıgüzel HPP and Kemer HPP operating licences which has been obtained through Transfer of Operating Rights Agreement ("Agreement") with the Privatization Administration and the Electricity Generation Corporation ("EÜAŞ") are accounted as intangible assets.

###### Computer Software

Computer software are recognized at acquisition cost and amortized on a straight line basis over their estimated useful lives of 3-15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

###### Subsequent costs

Subsequent costs are capitalized only if they have an impact that increases the future economic benefits of the intangible assets to which they relate. All other expenditures are recognized in profit or loss when incurred.

###### Amortization

Intangible assets are recognized in profit or loss on a straight-line basis over their estimated useful lives starting from the date they are ready for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and, where appropriate, adjusted.

The estimated useful lives in the current periods are as follows:

	<u>Years</u>
Right to Operate Licences	12-49
Computer Software	3-15



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.6 Summary of significant accounting policies (continued)

###### Financial liabilities

Non-derivative financial liabilities of the Group comprised of "borrowings", "trade payables" and "other payables" in the statement of financial position

###### i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

###### ii. Borrowing costs

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

###### iii. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

##### 2.7 Cash flow hedge transactions

For a hedge of foreign currency risk, the foreign currency component of a non-derivative financial asset or liability may be designated, as a hedging instrument. The foreign currency risk component of a non-derivative financial instrument is determined in accordance with TAS 21.

Accordingly, starting from 20 March 2021, the Company hedge the spot risk of highly probable forecast sales that are denominated in USD with its financial liability in the same foreign currency.

While the Company's functional currency is TRY, the company is exposed to FX risks due to its finances and operations. AYDEM has outstanding USD debt due to power plant investments. The company also experiences significant sales revenue in USD.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.7 Cash flow hedge transactions (continued)

The source of USD denominated revenue is sales of electricity generated via renewable power plants. Such production is incentivized in Turkey through a feed-in tariff mechanism (Council of Ministers Decree No.2013/5625). The kWh sale price of generated electricity is guaranteed in USD prices, whereas the amount of future renewable generation remains uncertain and depends on climate conditions and/or operational risks. The feed-in tariff ("FIT") revenues are calculated on a daily basis, and are aggregated at monthly intervals. This enables the Company to classify expected future revenues as a monthly stream of forecasted USD cash inflows for risk management purposes.

The Company's foreign currency risk management objective is to rely on natural currency hedges due to operations. It achieves this feat by aligning its forecasted USD inflows and its USD bond payments. Moreover, the forecasted USD inflows vs scheduled USD bond repayments constitute a hedged portfolio that allows a Cash Flow Hedge Accounting relationship to reduce the Company's income statement volatility. In particular, the Company associates its forecasted future USD cash inflows due to renewable-generated electricity sales, with its outstanding USD bonds. The Company is implementing Hedge Accounting under TFRS 9 to reflect its economic hedges onto financial reporting:

Hedge Accounting Component	Definition
Hedged Item	Forecasted future USD cash inflows due to FIT incentive (Including non-FIT forecasted sales until 31 December 2023)
Hedging Instrument	USD denominated financial borrowings
Hedged Risk	Foreign exchange risk of forecasted future USD cash inflows due to FIT incentive (Including non-FIT forecasted sales until 31 December 2023)

As of 31 December 2022, the amount of forecasted revenue under FIT and bilateral agreements are USD 629,851,966 whereas the total notional of the outstanding USD denominated bonds is USD 700,210,000. The Group designates USD 600,211,000 of this amount as part of its rebalanced hedge accounting relationship, per TFRS 9 6.2.4 (c). Due to under-hedged nature of the hedged-item, the Company achieves 1:1 hedge ratio with the hedging instrument at all times by way of re-balancing, in line with TFRS 9, 6.4.1.c.iii.

The maturity breakdown of the designated layer of the hedging instrument notional as of 31 December 2022 is provided below;

Payment Date	Principal Payment Amount
February 2025	60,021,100
August 2025	60,021,100
February 2026	60,021,100
August 2026	60,021,100
February 2027	360,126,600
Total	600,211,000

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.7 Cash flow hedge transactions (continued)

The accounting treatment applied with respect to the cash flow hedge is as follows:

- The portion of the foreign exchange gain or loss of the hedging instrument (USD denominated bonds) that is determined to be an effective hedge is recognised in other comprehensive income ("OCI"), until the accompanying hedged item (forecasted USD cash inflows) occurs.
- Any ineffective portion of the hedge is recognized each reporting period in consolidated statement of profit or loss as "Finance Expenses – Foreign Exchange losses".
- The hedged item, revenue, is recognised in accordance with TFRS 15 and the settlement of the hedging instrument is realised through the repayments of the bond.
- Gains and losses deferred in OCI, remain in OCI until the cash flows associated with the hedged item occur. At the time when a forecast sale occurs, the respective amount of foreign exchange gain/loss is reclassified from OCI to profit or loss (within financial expense – "Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)") as a reclassification adjustment in the same periods during which the hedged expected forecasted sales affect profit or loss.
- If the cash flows are not expected to occur, then the corresponding 'previously effective' foreign exchange gain/loss in OCI are recycled immediately to consolidated statement of profit or loss as "Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)".

As of 31 December 2022, the hedge relationship has been measured as %96.75 effective. Accordingly, the foreign exchange losses incurred between 1 January 2022 and 31 December 2022 amounting to TL 2,785,625,924 has been treated as follows:

Foreign Exchange Loss relating to USD Borrowings	1 January – 31 December 2022
Recognized in OCI	TL 3,137,432,506
Recognized in profit or loss (ineffective portion)	TL (203,364,925)
The amount reclassified from OCI to profit or loss as Finance expenses – Foreign Exchange losses transferred from equity (cash flow hedge)	TL (148,441,658)

As a result of the sensitivity analysis performed on the forecasted revenue figures, the Group concluded that the 10% increase / decrease in the forecasts do not have a significant effect on the evaluation of the hedge effectiveness tests.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.8 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Note 5 – Trade receivables
- Note 9 – Property, plant and equipment
- Note 11 – Provisions
- Note 2.7 – Cash flow hedge transactions
- Note 22 – Taxation on income

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. The assumptions underlying estimates and estimates are constantly monitored. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### A. Explanations on the determination of the fair value of property, plant and equipment

The Group's power plants (Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Uşak WPP, Arova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, Mentaş HPP, Toros HPP, Gökteş I-II HPP, Aksu HPP, Akıncı HPP, Uşak SPP) under property, plant and equipment are accounted for at fair value in accordance with revaluation model. The Group has chosen the revaluation method as an accounting policy among measurement approaches allowed under TAS 16 for power plants.

As of 31 December 2022 and 31 December 2021, the Group obtained valuation report from an independent valuation company and revalued its power plants to its fair values. As of 31 December 2022 and 31 December 2021, the power plants are carried at the fair values at the measurement dates less the accumulated depreciation in the consolidated financial statements.

The related revaluation studies are carried out by using "income approach - discounted cash flow analysis". In accordance with discounted cash flows method, the estimation of long-term electricity sale prices (or market clearing price "MCP") is one of the the most important estimates, so an independent consultant was employed to support the management in making such estimates. In determining long-term electricity sale prices, the most important inputs in the model are; demand in the coming years, renewable energy capacity and capacity factor development, electricity export & import development. Other than long-term electricity sale prices, the most important assumptions of discounted cash flow method are; projected generation amount, weighted average cost of capital (discount rate) and US Dollar/TL foreign exchange rates.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.8 Significant accounting judgments, estimates and assumptions (continued)

The parameters applied in the valuation and the valuation methods used are summarized below:

###### 31 December 2022

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP for Next Year (USD)	Generation Volume Realized in 2022 (MWh/Year)	Expected Future Generation Volume (MWh/Year)
Dalaman I-V HPP	28 February 2023	DCF *	10,8%	84	86.239	42.660
Gökyar HPP	28 February 2023	DCF *	10,8%	84	24.661	16.150
Toros HPP	28 February 2023	DCF *	10,7%	73	207.481	200.172
Feslek HPP	28 February 2023	DCF *	10,8%	84	6.560	8.432
Koyulhisar HPP	28 February 2023	DCF *	10,8%	84	197.116	146.568
Mentaş HPP	28 February 2023	DCF *	10,7%	84	90.840	95.607
Bereket I-II HPP	28 February 2023	DCF *	10,9%	84	9.602	4.597
Göktaş HPP	28 February 2023	DCF *	10,7%	96	641.024	386.096
Çırakdamı HPP	28 February 2023	DCF *	10,7%	73	112.487	109.580
Dereli HPP	28 February 2023	DCF *	10,7%	73	111.501	110.428
Yalova WPP	28 February 2023	DCF *	10,2%	73	142.918	77.031
Söke WPP	28 February 2023	DCF *	10,2%	84	176.240	88.382
Kızıldere GPP	28 February 2023	DCF *	12,7%	-	-	-
Uşak SPP	28 February 2023	DCF *	11,3%	84	-	100.215
Uşak WPP	28 February 2023	DCF *	10,2%	73	156.168	59.970
Akıncı HPP	28 February 2023	DCF *	10,7%	84	317.109	395.326
Aksu HPP	28 February 2023	DCF *	10,7%	73	103.611	89.512

###### 31 December 2021

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP for Next Year (USD)	Generation Volume Realized in 2021 (MWh/Year)	Expected Future Generation Volume (MWh/Year)
Dalaman I-V HPP	20 December 2021	DCF *	9,9%	71	66.481	96.212
Gökyar HPP	20 December 2021	DCF *	9,9%	71	19.074	26.671
Toros HPP	20 December 2021	DCF *	9,9%	61	94.171	183.125
LFG BIO	20 December 2021	DCF *	9,9%	69	1.452	1.610
Feslek HPP	20 December 2021	DCF *	9,9%	71	8.396	14.792
Koyulhisar HPP	20 December 2021	DCF *	9,9%	71	100.826	223.816
Mentaş HPP	20 December 2021	DCF *	9,9%	71	77.632	105.123
Bereket I-II HPP	20 December 2021	DCF *	9,9%	71	8.241	11.862
Göktaş HPP	20 December 2021	DCF *	9,9%	62	471.974	873.133
Çırakdamı HPP	20 December 2021	DCF *	9,9%	61	78.410	119.516
Dereli HPP	20 December 2021	DCF *	9,9%	61	76.646	117.961
Yalova WPP	20 December 2021	DCF *	9,9%	64	152.367	129.676
Söke WPP	20 December 2021	DCF *	9,9%	64	177.181	165.133
Kızıldere GPP	20 December 2021	DCF *	9,9%	71	-	-
Uşak WPP	20 December 2021	DCF *	9,9%	61	154.520	115.491
Akıncı HPP	20 December 2021	DCF *	9,9%	71	176.840	395.562
Aksu HPP	20 December 2021	DCF *	9,9%	61	95.977	92.809

\* Discounted cash flow

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.8 Significant accounting judgments, estimates and assumptions (continued)

###### B. Deferred tax assets for the carry forward tax losses

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

As of 31 December 2022, deferred tax asset amounting to TL 31,302,413 (31 December 2021: TL 481,363,177) is recognized upon the unused tax losses. Aforementioned deferred tax asset, is calculated by the Group regarding the profit expectations in foreseeable future and deferred tax liabilities' reversal in relevant periods. In case, such profit expectations not being realized or differences rising from deferred tax asset and liability are concluded in different periods than expectation, aforementioned deferred tax assets will be recorded as expense in profit and loss statements.

##### 2.9 Revenue

The operations of the Group entities are regulated under Electricity Market Law No. 6446, the Regulation on Electricity Market License of EMRA, the Electricity Market Balancing and Settlement Regulation ("BSR") and other related legislative provisions.

Electricity sales is recognised as revenue at the time of electricity delivery, on an accrual basis. In the case of revenue from feed-in-tariff ("FIT"), sale of electricity is recorded based upon output delivered at rates specified under FIT. In the case of revenue from other than FIT, sale of electricity is again recorded based upon output delivered but at market rates.

The Company has defined the sale of electricity as a performance obligation. Since the billed amounts reasonably represent the value to customers of the performance obligations fulfilled to date, the identified performance obligations were evaluated and determined to be fulfilled over time and eligible for billing. The transaction price is based on the actual price per mega-watt output. Sales subject to Renewable Energy Resources Support Mechanism ("FIT") are invoiced at the end of the month and collections are made on the 25th day of the following month. Other invoices are issued monthly and payment is usually in advance.

The company, related parties Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") and Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") sells electricity to companies within the scope of bilateral agreements. Bilateral agreements are commercial agreements made between real or legal persons, subject to the provisions of private law, regarding the purchase and sale of electrical energy or capacity and not subject to the approval of the Energy Market Regulatory Board. In bilateral agreements, conditions related to the supply of electrical energy such as unit price, price commitment, security fee conditions, contract duration are determined and signed.

##### 2.10 Seasonal changes in operations

The Group's activities are not subject to seasonal fluctuations.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 2 Basis of presentation of consolidated financial statements (continued)

##### 2.11 Adjustment of financial statements during periods of high inflation

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

##### 2.12 Comparative information and reclassification of prior period consolidated financial statements

The Group's consolidated financial statements are presented together with the comparatives for the previous year enabling comparison of the financial condition and performance trends. Where necessary, comparative figures of the financial statements have been reclassified to conform to changes in presentation of the current period financial statements. The Group management considered that it is appropriate to have such reclassifications when they provide more relevant information to users of the financial statements.

As of 31 December 2021, the Group reclassified advances given for construction in progress amounting to TL 160,945,092 which were accounted under property, plant and equipments into long-term prepaid expenses account.

#### 3 Cash and Cash Equivalents

	31 December 2022	31 December 2021
Cash at banks	1,293,791,887	1,525,592,118
- Time deposits	1,228,366,841	1,449,817,095
- Demand deposits	65,425,046	75,775,023
Cash	1,327	-
	<b>1,293,793,214</b>	<b>1,525,592,118</b>

As of 31 December 2022, the interest rate of the Group's term TL denominated time deposits amounting is between 5% to 15% (31 December 2021: between 12% to 15.41%); US Dollars denominated time deposits amounting interest rate is between 0.05% to 9.9% (31 December 2021: between 0.10% to 1.80%), Euro denominated time deposits amounting interest rate is between 3% (31 December 2021: None).

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 4 Segment reporting

##### 4.1 Statement of financial position

Financial information is provided on a power plant-by-power plant basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided to the members of the executive management includes results or operation, valuation gains and losses on power plants, assets and liabilities of each power plant. The individual properties are also monitored based on type of power plants such as Hydro, Wind, Geothermal and BIO. The Group management considers that it is appropriate to report the segments based on this aggregation, to monitor the financial performance.

Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

Company management preferred to use EBITDA in the evaluation of department performances in terms of comparability with companies in the same sector. EBITDA is not a measure of financial performance defined in TFRS. It may not be comparable to similar indicators defined by other companies.

The accounting policies adopted by each of the reportable segments are consistent with TFRS' used in preparation of consolidated financial statements of the Group. The detailed information regarding the reporting segments of Group is presented below:



## Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

### 4 Segment reporting (continued)

#### 4.1 Statement of financial position (continued)

31 December 2022	Hydro Power Plants	Wind Power Plants	Geothermal Power Plants	BIO Power Plant	Other *	Unallocated **	Consolidated
Segment assets	26,032,830,327	3,315,002,028	5,597,558	-	1,602,187,661	4,434,087,579	35,389,705,153
Segment liabilities	12,394,160,828	967,100,706	1,049,065	-	2,934	4,949,139,697	18,311,453,230

31 December 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other *	Unallocated **	Consolidated
Segment assets	18,077,351,085	2,251,001,000	11,730,000	1,457,794	4,964,905	2,184,852,103	22,531,356,887
Segment liabilities	10,771,953,787	796,104,590	1,276,214	11,747,578	13,293	1,147,001,485	12,728,096,947

\* The fair value of Uşak SPP amounting to TL 1,597,442,774 is presented as other. It will be recognized as a separate segment from the date it becomes ready for use. Also includes assets and liabilities of Sarı Perakende whose main business activity is trading of electricity.

\*\* Includes assets and liabilities which are not attributable to a reportable segment such as cash, trade receivables, other assets, trade payables, other liabilities, tax assets and liabilities, etc.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

### 4 Segment reporting (continued)

#### 4.2 Statement of profit or loss

1 January- 31 December 2022	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated *	Consolidated
Revenues	3,026,288,596	766,229,800	11,673,026	1,248,131	3,805,439,553	2,405,245	3,807,844,798
- Revenues from Feed in Tariff (FIT)	2,274,391,795	766,229,800	-	1,248,131	3,041,869,726	-	3,041,869,726
- Other than FIT	751,896,801	-	11,673,026	-	763,569,827	2,405,245	765,975,072
Cost of Sales	(983,518,086)	(408,978,089)	(21,611,441)	(2,103,709)	(1,416,211,325)	11,000,822	(1,405,210,503)
Operational Expenses/Revenues (including Other Expense and Income)	290,303,635	72,289,985	1,104,146	94,633	363,792,399	(66,162,981)	297,629,418
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>2,333,074,145</b>	<b>429,541,696</b>	<b>(8,834,269)</b>	<b>(760,945)</b>	<b>2,753,020,627</b>	<b>(52,756,914)</b>	<b>2,700,263,713</b>
Add-back, Depreciation & Amortization Expenses	573,145,380	172,185,300	10,018,776	755,066	756,104,522	15,275,690	771,380,212
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) **</b>	<b>2,906,219,525</b>	<b>601,726,996</b>	<b>1,184,507</b>	<b>(5,879)</b>	<b>3,509,125,149</b>	<b>(37,481,224)</b>	<b>3,471,643,925</b>
Gains from Investing Activities	-	-	-	-	-	5,521,517	5,521,517
Finance Income	-	-	-	-	-	611,393,725	611,393,725
Finance Expense	-	-	-	-	-	(1,892,846,538)	(1,892,846,538)
Tax Expense	-	-	-	-	-	(406,261,816)	(406,261,816)
Depreciation & Amortization Expenses	(573,145,380)	(172,185,300)	(10,018,776)	(755,066)	(756,104,522)	(15,275,690)	(771,380,212)
<b>Net Profit for the Year</b>							<b>1,018,070,601</b>

\* Includes head office costs and expenses which is not attributable to a reportable segment. Operational expenses mainly consist of personnel expenses. Operational income is mainly composed of foreign exchange income related to trading activities.

\*\* EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

\*\*\* The 10-year lease period of Kumkısıç BIO expired on June 16, 2022 and all mechanical, electrical and construction equipment in the facility were transferred to Denizli Metropolitan Municipality.

## Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

### 4 Segment reporting (continued)

#### 4.2 Statement of profit or loss (continued)

1 January- 31 December 2021	Total					Unallocated	Consolidated
	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Renewable Energy		
Revenues	856,655,098	370,029,718	7,807,401	1,744,850	1,236,237,067	4,516,331	1,240,753,398
- Revenues from Feed in Tariff (FIT)	701,625,768	370,029,718	-	1,744,850	1,073,400,336	-	1,073,400,336
- Other than FIT	155,029,330	-	7,807,401	-	162,836,731	4,516,331	167,353,062
Cost of Sales	(541,101,913)	(186,826,049)	(13,095,326)	(2,698,335)	(743,721,623)	17,953,169	(725,768,454)
Operational Expenses/Revenues (including Other Expense and Income)	(3,813,503)	(636,134)	(24,565)	(110,035)	(4,584,237)	(92,979,826)	(64,816,006)
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>311,739,682</b>	<b>182,567,535</b>	<b>(5,312,490)</b>	<b>(1,063,520)</b>	<b>487,931,207</b>	<b>(70,510,326)</b>	<b>450,168,938</b>
Add-back, Depreciation & Amortization Expenses	343,080,223	93,206,460	6,798,108	1,033,788	444,118,579	10,577,960	454,696,539
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) *</b>	<b>654,819,905</b>	<b>275,773,995</b>	<b>1,485,618</b>	<b>(29,732)</b>	<b>932,049,786</b>	<b>(59,932,366)</b>	<b>872,117,420</b>
Gains from Investing Activities	-	-	-	-	-	4,793,107	4,793,107
Finance Income	-	-	-	-	-	707,563,009	707,563,009
Finance Expense	-	-	-	-	-	(1,144,109,805)	(1,144,109,805)
Tax Expense	-	-	-	-	-	(105,958,832)	(105,958,832)
Depreciation & Amortization Expenses	(343,080,223)	(93,206,460)	(6,798,108)	(1,033,788)	(444,118,579)	(10,577,960)	(454,696,539)
<b>Net Loss for the Year</b>							<b>(120,291,640)</b>

\* EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 5 Related party disclosures

Aydem Holding A.Ş. ("Aydem Holding") is the ultimate parent company and controlling party of the Group.

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note.

- (1) Ultimate parent and its subsidiaries
- (2) Other companies controlled by the shareholders of Aydem Holding and other key persons.

Since the transactions between the Group and its subsidiaries, which are related parties of the Group, are eliminated during consolidation, they are not disclosed in this note.

The shareholders, key management personnel and members of the Board of Directors, their families and partners and entities controlled by the ultimate shareholders are considered and referred to as related parties in the consolidated financial statements. The Group companies have carried out various transactions with related parties during their operations.

Trade receivables from related parties generally arise from sale of electricity. Trade payables to related parties generally arise from the electricity purchases. The company, related parties Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") and Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") sells electricity to companies within the scope of bilateral agreements. Bilateral agreements are commercial agreements made between real or legal persons, subject to the provisions of private law, regarding the purchase and sale of electrical energy or capacity and not subject to the approval of the Energy Market Regulatory Board. In bilateral agreements, conditions related to the supply of electrical energy such as unit price, price commitment, security fee conditions, contract duration are determined and signed.

Other receivables from related parties mainly arise from investment transactions. At the end of each quarter period for other receivables and payables interest is accrued using market interest rates, which are determined using the Group external cost of borrowing.

#### 5.1 Related party balances

As of 31 December 2022 and 31 December 2021, short-term trade receivables due from related parties are as follows:

	31 December 2022	31 December 2021
Aydem EPSAŞ <sup>(1)</sup> *	949,963,628	10,227,070
Gediz EPSAŞ <sup>(1)</sup> **	282,352,136	116,683,426
Other	83,815	401,364
	<b>1,232,399,579</b>	<b>127,311,860</b>

\* Consists of receivables related to electricity trade. The company collected TL 633,330,000 from Aydem EPSAŞ in subsequent period.

\*\* Consists of receivables related to electricity trade. The company collected TL 267,470,000 from Gediz EPSAŞ in subsequent period.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 5 Related party disclosures (continued)

##### 5.1 Related party balances (continued)

As of 31 December 2022 and 31 December 2021, short-term other receivables due from related parties are as follows:

	31 December 2022	31 December 2021
Aydem Holding A.Ş. ("Aydem Holding") <sup>(1)</sup> *	35,007,156	15,530,259
	<b>35,007,156</b>	<b>15,530,259</b>

\* It consists of receivables related to the sale of 50% shares belonging to Yalova Karacabey.

As of 31 December 2022 and 31 December 2021, short-term trade payables due to related parties are as follows:

	31 December 2022	31 December 2021
Aydem Holding <sup>(1)</sup> *	5,768,758	3,004,715
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") <sup>(1)</sup>	1,570,045	647,430
Adm EDAŞ <sup>(1)</sup>	318,801	240,369
YF Operasyonel Kiralama A.Ş. ("YF") <sup>(2)</sup>	59,517	137,806
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla") <sup>(1)</sup>	-	78,869
Other	7,036	14,820
	<b>7,724,157</b>	<b>4,124,009</b>

\* Consists of personnel services and management fees.

As of 31 December 2021 and 31 December 2021 long-term other payables to related parties are as follows:

	31 December 2022	31 December 2021
Aydem EPSAŞ <sup>(1)</sup> *	40,210,706	37,092,472
	<b>40,210,706</b>	<b>37,092,472</b>

\* Consists of acquisition of Düzce WPP through under common control business transaction. The payment term is 27 June 2029 according to agreement signed between the Group and Aydem EPSAŞ.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 5 Related party disclosures (continued)

##### 5.2 Related party transactions

For the year ended 31 December 2022 and 2021, income and expense transactions with related parties are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Electricity Sales and Other Sales</b>		
Aydem EPSAŞ <sup>(1)</sup> *	2,733,604,362	112,286,522
Gediz EPSAŞ <sup>(1)</sup> *	2,063,157,207	122,470,432
Parla <sup>(1)**</sup>	116,920,021	189,220
Adm EDAŞ <sup>(1)</sup>	7,264,299	-
GDZ EDAŞ	6,113,954	-
Aydem Enerji Yatırımları A.Ş. ("Holdco") <sup>(1)</sup>	-	5,936,451
Entek <sup>(2)</sup>	-	432,205
Other	688,374	1,219,955
	<b>4,927,749,717</b>	<b>242,534,785</b>

\* Consists of electricity sales within the bilateral agreements.

\*\* Within the scope of hybrid SPP investments, the Group has purchased solar panels. In order to reduce the investment cost, raw materials for the solar panels to be produced have been purchased by the Group and delivered to Parla to complete the assembly and labor. After the production is completed, the solar panels will be purchased from Parla and the investment cost will be realized as laboring cost.

In the period ending on 31 December 2022, since the price in the spot electricity market was higher than the sales price of FIT electricity, a completion payment was made to Enerji Piyasaları İşletme A.Ş. ("EPIAŞ") equal to the difference. The difference between revenue and electricity sales is due to this payment.

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Purchase of Electricity and Services</b>		
Parla <sup>(1)</sup> *	293,482,748	3,420,606
Aydem EPSAŞ <sup>(1)**</sup>	65,983,897	40,335,976
Aydem Holding <sup>(1)***</sup>	42,392,943	29,584,856
GDZ Enerji <sup>(1)</sup>	7,695,901	4,770,159
Adm EDAŞ <sup>(1)</sup>	5,384,153	2,955,519
Yeni Filo A.Ş. <sup>(2)</sup>	757,374	829,765
Entek <sup>(2)</sup>	-	1,174,256
Holdco <sup>(1)</sup>	-	755,405
Other	118,346	133,112
	<b>415,815,362</b>	<b>83,959,653</b>

\* Within the scope of hybrid SPP investments, the Group has purchased solar panels.

\*\* TL 60,743,012 of the amount consists of imbalance cost related to electricity trade.

\*\*\* TL 42,201,311 of the amount consists of reflected expenses regarding personnel and management services.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 5 Related party disclosures (continued)

##### 5.2 Related party transactions

Finance Income	1 January- 31 December 2022	1 January- 31 December 2021
Gediz EPSAŞ <sup>(1)</sup> *	297,884,180	-
Aydem EPSAŞ <sup>(1)</sup> *	101,883,799	-
Aydem Holding <sup>(1)</sup>	2,532,100	5,622,730
Parla <sup>(1)</sup>	688,701	-
Other	63,107	14,816
	<b>403,051,887</b>	<b>5,637,546</b>

\* Consists of foreign exchange income on trade receivables.

Finance Expenses	1 January- 31 December 2022	1 January- 31 December 2021
GDZ Enerji <sup>(1)</sup>	10,593	-
Gediz EPSAŞ <sup>(1)</sup>	-	2,457,207
Aydem EPSAŞ <sup>(1)</sup>	-	6,126,203
Diğer	1,516	15,784
	<b>12,109</b>	<b>8,599,195</b>

The executive management of the Group is comprised of general manager and directors. For the period ended 31 December 2022 and 2021, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Benefits to key management personnel	9,609,482	7,839,861
	<b>9,609,482</b>	<b>7,839,861</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 6 Trade receivables and payables

##### Short term trade receivables

As of 31 December 2022 and 31 December 2021, the Group's short-term trade receivables are as follows:

	31 December 2022	31 December 2021
Trade receivables due from related parties (Note 5)	1,232,399,579	127,311,860
Trade receivables due from third parties	78,855,944	26,934,695
	<b>1,311,255,523</b>	<b>154,246,555</b>
Less: Allowances for doubtful trade receivables	(7,157,761)	(6,410,754)
	<b>1,304,097,762</b>	<b>147,835,801</b>

As of 31 December 2022 and 31 December 2021, short-term trade receivables consist of the following items:

	31 December 2022	31 December 2021
Trade receivables related to electricity sales *	1,265,631,949	133,771,113
Income accruals related to electricity sales **	38,465,813	14,064,688
Doubtful trade receivables	7,157,761	6,410,754
Allowances for doubtful trade receivables	(7,157,761)	(6,410,754)
	<b>1,304,097,762</b>	<b>147,835,801</b>

\* Consists of electricity sales and ancillary income within the bilateral agreements.

\*\* Consists of the Group's unbilled receivables arising from the electricity sales.

The movement of provisions for doubtful receivables for the period ended 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Opening balance (1 January)	6,410,754	4,776,282
Current provision	900,595	1,680,210
Provisions no longer required	(153,588)	(45,738)
Closing balance (31 December)	<b>7,157,761</b>	<b>6,410,754</b>



**AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Notes to the consolidated financial statements  
for the year period ended 31 December 2022**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

**6 Trade receivables and payables (continued)****Short term trade payables**

As of 31 December 2022 and 31 December 2021, the Group's short-term trade payables are as follows:

	31 December 2022	31 December 2021
Trade payables from third parties	467,450,099	64,023,907
Trade payables due from related parties (Note 5)	7,724,157	4,124,009
	<b>475,174,256</b>	<b>68,147,916</b>

As of 31 December 2022 and 31 December 2021, short-term trade payables from third parties consist of the following items:

	31 December 2022	31 December 2021
Expense accruals	345,651,089	9,329,223
Trade payables	121,796,794	54,690,827
Other trade payables	2,216	3,857
	<b>467,450,099</b>	<b>64,023,907</b>

**7 Other receivables and payables****Other short-term receivables**

As of 31 December 2022 and 31 December 2021, the Group's short-term other receivables are as follows:

	31 December 2022	31 December 2021
Other receivables due from related parties (Note 5)	35,007,156	15,530,259
Other receivables due from third parties	30,467,593	7,415,786
	<b>65,474,749</b>	<b>22,946,045</b>

As of 31 December 2022 and 31 December 2021, short-term other receivables from third parties consist of the following items:

	31 December 2022	31 December 2021
Receivables from tax administration	30,401,201	6,513,821
Deposits & guarantees given	66,392	717,904
Other receivables	-	184,061
	<b>30,467,593</b>	<b>7,415,786</b>

**AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****Notes to the consolidated financial statements  
for the year period ended 31 December 2022**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

**7 Other receivables and payables(continued)****Other long-term receivables**

As of 31 December 2022 and 31 December 2021, other long term receivables from third parties consist of the following items:

	31 December 2022	31 December 2021
Other receivables due from third parties	1,551,818	2,740,754
	<b>1,551,818</b>	<b>2,740,754</b>

**Other short-term payables**

As of 31 December 2022 and 31 December 2021, the Group's short-term other payables are as follows:

	31 December 2022	31 December 2021
Other payables due to third parties	235,709	491,732
	<b>235,709</b>	<b>491,732</b>

As of 31 December 2021 and 31 December 2020, other short-term payables to third parties consist of the following items:

	31 December 2022	31 December 2021
Deposits and guarantees taken	235,709	235,709
Other payables	-	256,023
	<b>235,709</b>	<b>491,732</b>

**8 Inventories**

As of 31 December 2022 and 31 December 2021, inventories are composed of spare parts for property, plant and equipment:

	31 December 2022	31 December 2021
Spare parts *	8,961,584	8,556,333
	<b>8,961,584</b>	<b>8,556,333</b>

\* Inventories consist of spare parts used in the maintenance of power plants.

As of 31 December 2022, there is no insurance coverage on the Group's inventories (31 December 2021: None).

As of 31 December 2022, there are no inventories presented as collateral for liabilities (31 December 2021: None).

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 9 Property, plant and equipment and right of use assets

##### 9.1 Property, plant and equipment

The ending 31 December 2022 and 31 December 2021, movements of property, plant and equipment are as follows:

	Land	Power plants	Construction in progress *	Other	Total
<b>Cost or valuation as of 1 January 2022</b>	<b>13,023,687</b>	<b>27,629,016,119</b>	<b>214,362,885</b>	<b>28,667,515</b>	<b>27,885,070,206</b>
Additions	45,000	43,773,835	1,433,960,303	3,479,276	1,481,258,414
Disposals	-	(1,494,010)	-	(518,927)	(2,012,937)
Transfers **	(10,131,324)	972,561,224	(972,561,224)	-	(10,131,324)
Revaluation fund	-	14,721,127,686	-	-	14,721,127,686
<b>Cost or valuation as of 31 December 2022</b>	<b>2,937,363</b>	<b>43,364,984,854</b>	<b>675,761,964</b>	<b>31,627,864</b>	<b>44,075,312,045</b>
<b>Accumulated depreciation as of 1 January 2022</b>	<b>-</b>	<b>(7,580,743,992)</b>	<b>-</b>	<b>(15,809,317)</b>	<b>(7,596,553,309)</b>
Additions	-	(749,488,236)	-	(2,075,838)	(751,564,074)
Disposals	-	445,483	-	53,499	498,982
Revaluation fund	-	(4,211,565,111)	-	-	(4,211,565,111)
<b>Accumulated depreciation as of 31 December 2022</b>	<b>-</b>	<b>(12,541,351,856)</b>	<b>-</b>	<b>(17,831,656)</b>	<b>(12,559,183,512)</b>
<b>Net book value as of 31 December 2022</b>	<b>2,937,363</b>	<b>30,823,632,998</b>	<b>675,761,964</b>	<b>13,796,208</b>	<b>31,516,128,533</b>

\* Mainly consists of investments regarding hybrid solar and capacity increase.

In accordance with TAS 23, interest and foreign exchange expenses were capitalized amounting to TL 156,425,468 and TL 73,424,062 respectively.

\*\* Uşak SPP project has been transferred to power plant class due to the completion of physical construction and recognized at fair value. The amount transferred from construction in progress related to the project is TL 962,419,595.

	Land	Power plants	Construction in progress *	Other	Total
<b>Cost or valuation as of 1 January 2021</b>	<b>12,983,687</b>	<b>15,095,201,257</b>	<b>123,107,545</b>	<b>24,629,419</b>	<b>15,255,921,908</b>
Additions	40,000	90,329,918	93,748,514	4,011,500	188,129,932
Disposals	-	(5,113,327)	(1,814,849)	(633,358)	(7,561,534)
Transfers	-	4,377	(678,325)	659,954	(13,994)
Revaluation fund	-	12,448,593,894	-	-	12,448,593,894
<b>Cost or valuation as of 31 December 2021</b>	<b>13,023,687</b>	<b>27,629,016,119</b>	<b>214,362,885</b>	<b>28,667,515</b>	<b>27,885,070,206</b>
<b>Accumulated depreciation as of 1 January 2021</b>	<b>-</b>	<b>(3,430,267,259)</b>	<b>-</b>	<b>(13,095,275)</b>	<b>(3,443,362,534)</b>
Additions	-	(437,504,293)	-	(3,221,571)	(440,725,864)
Disposals	-	3,302,425	-	507,529	3,809,954
Revaluation fund	-	(3,716,274,865)	-	-	(3,716,274,865)
<b>Accumulated depreciation as of 31 December 2021</b>	<b>-</b>	<b>(7,580,743,992)</b>	<b>-</b>	<b>(15,809,317)</b>	<b>(7,596,553,309)</b>
<b>Net book value as of 31 December 2021</b>	<b>13,023,687</b>	<b>20,048,272,127</b>	<b>214,362,885</b>	<b>12,858,198</b>	<b>20,288,516,897</b>

\* Mainly consists of investments regarding hybrid solar and capacity increase.

As of 31 December 2022, there are pledges and mortgages on property, plant and equipment of the Group amounting to USD 1,248,750,000 in original currencies (31 December 2021: USD 1,248,750,000 in original currencies) in favor of lenders.

Total depreciation expense of property, plant and equipment amounting to TL 749,488,236 (31 December 2021: TL 437,504,293) has been reflected to cost of sales and amounting to TL 2,075,838 (31 December 2021: TL 3,221,571) has been reflected to general administration expense.

The Group determined that the power plants constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property and as also mentioned in Note 2, elected to use revaluation method for such assets.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

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#### 9 Property, plant and equipment and right of use assets (continued)

##### 9.2 Right of uses

The Group has lease contracts for various items of plant, machinery, vehicles, land right of use and other equipment used in its operations.

For the year then ended as of 31 December 2022, movements of right of uses is as follows:

<b>Cost as of 1 January 2022</b>	<b>35,251,135</b>
Additions	102,074,729
<b>Cost as of 31 December 2022</b>	<b>137,325,864</b>
<b>Accumulated depreciation as of 1 January 2022</b>	<b>(7,448,596)</b>
Additions	(10,260,815)
<b>Accumulated depreciation as of 31 December 2022</b>	<b>(17,709,411)</b>
<b>Net book value as of 31 December 2022</b>	<b>119,616,453</b>

Within the scope of Uşak WPP capacity increase and hybrid SPP projects, area expansion works have been carried out, and in this context, with the agreements made with third parties, a right of superficies has been established on the immovables belonging to the land owners in favor of the Company, which is valid for 35 years from the date of registration, excluding force majeure, and a total cash payment amounting to TL 96,103,640 has been made in the year ending as of December 31, 2022

For the year then ended as of 31 December 2021, movements of right of uses is as follows:

<b>Cost as of 1 January 2021</b>	<b>21,244,253</b>
Additions	14,006,882
<b>Cost as of 31 December 2021</b>	<b>35,251,135</b>
<b>Accumulated depreciation as of 1 January 2021</b>	<b>(8,551,882)</b>
Additions	(5,816,481)
Disposals	6,919,767
<b>Accumulated depreciation as of 31 December 2021</b>	<b>(7,448,596)</b>
<b>Net book value as of 31 December 2021</b>	<b>27,802,539</b>

Total depreciation expense of right of uses amounting to TL 6,707,283 (31 December 2021: None) has been reflected to cost of sales and amounting to TL 3,553,532 (31 December 2021: TL 5,816,481) has been reflected to general administration expense.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 10 Intangible assets

As of 5 May 2017, the Company has signed a Transfer of Operating Rights Agreement ("Agreement") with the Privatization Administration and the Electricity Generation Corporation ("EÜAŞ") for Adıgüzel and Kemer Hydroelectric Plants. According to the agreement, the Company obtained the operating rights of the plants for 49 years and is responsible for the transfer of EÜAŞ at the end of the period in a complete and a functional state. During the contract period, the Company has to carry out all the maintenance, repairs and improvements which are necessary to ensure the convenience and efficiency of the plants for the generation activity, at their own expense. The Company is responsible for any damages and losses that may occur in the generation facilities in general referred as "Power Plants". During the contract period; the Company has to perform all kinds of additional facilities, the investment for rehabilitation and development in accordance with the legislation, and will obtain the approval of EÜAŞ during the works and procedures to be carried out within this framework. In addition, the company must obtain approval from EÜAŞ in case it wants to make investments and transactions for capacity changes.

As of the transfer date, it is EÜAŞ's responsibility to monitor and solve the administrative, legal disputes regarding the ownership of the immovable on which plants are located and the immovable in use, that are available now or will arise after the transfer date and all responsibilities and obligations arising from this matter.

Intangible assets related to agreements are amortized until the end of the related contract period.

Although the Company has the right to obtain substantially all of the economic benefits from use of the asset, it does not have the right to manage the use of power plants according to Article 7 of the contract signed with the EÜAŞ. Therefore, the contract has not been considered as a lease contract under TFRS 16, On the other hand, the Agreement is not accounted within the scope of TFRIC 12 Service Concession Agreements because although the residual interest of the power plants belongs to EÜAŞ, EÜAŞ does not control at what price electricity will be sold.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 10 Intangible assets (continued)

As of 31 December 2022 and 31 December 2021, movements of intangible assets are as follows:

	Licences	Operating rights	Softwares	Total
<b>Cost as of 1 January 2022</b>	<b>5,959,379</b>	<b>324,100,000</b>	<b>3,992,066</b>	<b>334,051,445</b>
Additions	3,763,426	-	-	3,763,426
<b>Cost as of 31 December 2022</b>	<b>9,722,805</b>	<b>324,100,000</b>	<b>3,992,066</b>	<b>337,814,871</b>
<b>Accumulated depreciation as of 1 January 2022</b>	<b>(1,772,050)</b>	<b>(30,833,915)</b>	<b>(2,545,470)</b>	<b>(35,151,435)</b>
Additions	(2,645,926)	(6,616,286)	(293,111)	(9,555,323)
<b>Accumulated depreciation as of 31 December 2022</b>	<b>(4,417,976)</b>	<b>(37,450,201)</b>	<b>(2,838,581)</b>	<b>(44,706,758)</b>
<b>Net book value as of 31 December 2022</b>	<b>5,304,829</b>	<b>286,649,799</b>	<b>1,153,485</b>	<b>293,108,113</b>
	Licences	Operating rights	Softwares	Total
<b>Cost as of 1 January 2021</b>	<b>3,211,232</b>	<b>324,100,000</b>	<b>3,992,066</b>	<b>331,303,298</b>
Additions	2,980,762	-	-	2,980,762
Transfers	13,994	-	-	13,994
<b>Cost as of 31 December 2021</b>	<b>6,205,988</b>	<b>324,100,000</b>	<b>3,992,066</b>	<b>334,298,054</b>
<b>Accumulated depreciation as of 1 January 2021</b>	<b>(717,449)</b>	<b>(24,217,962)</b>	<b>(2,213,440)</b>	<b>(27,148,851)</b>
Additions	(1,203,335)	(6,614,286)	(336,573)	(8,154,194)
<b>Accumulated depreciation as of 31 December 2021</b>	<b>(1,920,784)</b>	<b>(30,832,248)</b>	<b>(2,550,013)</b>	<b>(35,303,045)</b>
<b>Net book value as of 31 December 2021</b>	<b>4,285,204</b>	<b>293,267,752</b>	<b>1,442,053</b>	<b>298,995,009</b>

Amortization expense of intangible assets amounting to TL 6,616,286 (31 December 2021: TL 6,614,286) has been reflected to cost of sales and amounting to TL 2,939,037 (31 December 2021: TL 1,539,908) has been reflected to general administrative expenses.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 11 Provisions, contingent assets and liabilities

##### 11.1 Short-term provisions

As of 31 December 2022 and 31 December 2021, the breakdown of short-term provisions are as follows:

	31 December 2022	31 December 2021
Short-term provisions for employee benefits	22,597,724	6,506,072
Provision for litigations	12,460,451	14,137,022
	<b>35,058,175</b>	<b>20,643,094</b>

Short-term provisions for employee benefits consist of unused vacation days provisions. The current period movement table is as follows:

	2022	2021
Opening balance (1 January)	3,586,337	3,188,285
Net change in provision within the period	3,930,457	398,052
Closing balance (31 December)	<b>7,516,794</b>	<b>3,586,337</b>

Movement of premium provisions for the current period as follows:

	2022	2021
Opening balance (1 January)	2,919,735	-
Net change in provision within the period	12,161,195	2,919,735
Closing balance (31 December)	<b>15,080,930</b>	<b>2,919,735</b>

Other short-term provisions consist of provisions for ongoing litigations of the Group. The movement table is as follows:

	2022	2021
Opening balance (1 January)	14,137,022	13,064,328
Net change in provision within the period	(1,676,571)	1,072,694
Closing balance (31 December)	<b>12,460,451</b>	<b>14,137,022</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 11 Provisions, contingent assets and liabilities (continued)

##### 11.2 Contingent liabilities

As of 31 December 2022 and 31 December 2021, the Group's collateral / pledge / mortgage ("CPM") balances are as follows:

		31 December 2022	31 December 2021
	Currency	TL Amount	TL Amount
A. Guarantees given in the name of its own legal personality*	TL	-	-
B. Guarantees given on behalf of the fully consolidated companies	US Dollars	23,349,502,125	16,644,588,750
C. Total amount of CPM's given to other 3rd parties for the purpose of carrying out their ordinary commercial activities	TL	-	-
D. Other guarantees	TL	-	-
i. Guarantees given on behalf of the majority shareholder		-	-
ii. Guarantees given to on behalf of other group companies which are not in scope of B and C.	TL	-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.		-	-
<b>Total</b>		<b>23,349,502,125</b>	<b>16,644,588,750</b>

\* On 2 December 2021, within the scope of the Eurobond, movable pledge was established on the Company's movable assets to form the guarantee of the bond issuance.

The Company are subject to litigation and regulatory proceedings in the normal course of the business. From time to time, The Company may be a party to legal proceedings, including, but not limited to, personal injury claims, commercial disputes, regulatory or administrative actions and employment matters. These proceedings may be brought by, among others, current, former or prospective employees, suppliers, governmental agencies or other third parties.

Administrative fines and other administrative sanctions for all structures, with the decision of the Dalaman, Ortaca and Köyceğiz Municipal Committees, for alleged violation of the reconstruction legislation due to the absence of a building permit for Dalaman HPP 1-2-3-4-5 and Gökyar HPPs, Since these administrative actions are against the law and HPPs are public investments, they are exempt from construction permits. For this reason, lawsuits have been filed by the Company to the Administrative Courts for the cancellation of the transactions. As a result of the proceedings conducted by the courts, in 95 of these cases, the court decisions regarding the cancellation of the transaction in favor of the Company were notified to the Company, the court was decided one case rejected the transaction. Of the decisions given for the annulment of the aforementioned administrative transactions, 1 case is under appeal at the Regional Administrative Court and 13 cases are under appeal at the Council of State, and in 81 cases, the annulment decisions have become final. The Company does not foresee any legal and financial risk in the form of any payment or penalty due to the administrative sanction decisions of the municipalities that have been decided to be canceled.

The Company provided a guarantee to one of the affiliates, Yatağan Termik Enerji Üretim A.Ş., ("Yatağan") a subsidiary of Aydem Holding, with respect to certain work that GE Enerji Endüstri Ticaret ve Servis A.Ş. ("GE") had contracted to perform for Yatağan. A dispute has arisen between Yatağan and GE, and as a result GE has initiated a lawsuit against Yatağan and the Company, seeking EUR 9.7 million in damages. During the litigation process, petitions and evidence regarding the claims and defences were submitted to the court by the parties. It was decided to examine the commercial books and records of the parties with the participation of experts. According to the "Settlement Agreement" signed between the parties on January 2, 2019, GE's balance receivable was determined as EUR 9.5 million and EUR 500,000 of this amount was paid by Yatağan. The report has been objected and an additional report is in progress. In this case, there is a possibility of an unfavorable decision in terms of EUR 9 million and accrued interest. The next lawsuit will be held on March 16, 2023. Even if the case is decided unfavorably, since the payment will be made by Yatağan, it is not considered that the Company will incur any liability as a guarantor.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 11 Provisions, contingent assets and liabilities (continued)

##### 11.3 Letters of guarantees received and guarantees given

		31 December 2022	31 December 2021
	Currency	TL equivalent	TL equivalent
Guarantees given *	TL	85,560,503	78,101,819
<b>Total</b>		<b>85,560,503</b>	<b>78,101,819</b>

\* Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to Energy Market Regulatory Authority ("EMRA"), Turkish Electricity Transmission Company ("TEİAŞ"), privatization administration and to the judicial authorities for some of the on-going lawsuits.

		31 December 2022	31 December 2021
	Currency	TL equivalent	TL equivalent
Guarantees received *	TL	18,973,478	9,976,174
Guarantees received *	EURO	9,809,833	701,079
Guarantees received **	US Dollars	1,918,251,978	186,339,420
		<b>1,947,035,289</b>	<b>197,016,673</b>

\* Guarantees received against the risk of failure to provide the services to be received from suppliers.

\*\* Letters of guarantee were received from Aydem EPSAŞ and Gediz EPSAŞ for electricity trade.

##### 11.4 Long term provisions

As of 31 December 2022 and 31 December 2021, the long-term provisions are as follows:

	31 December 2022	31 December 2021
Provisions for retirement pay liability	34,742,233	11,543,311
	<b>34,742,233</b>	<b>11,543,311</b>

As of 31 December 2022 and 31 December 2021, movements of provisions for retirement pay liability are as follows:

	2022	2021
Opening balance (1 January)	11,543,311	8,122,907
Service cost	1,521,429	1,966,056
Interest cost	2,470,269	1,738,302
Retirement payments paid	(2,019,339)	(366,530)
Actuarial loss / (gain)	21,226,563	82,576
<b>Closing balance (31 December)</b>	<b>34,742,233</b>	<b>11,543,311</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 11 Provisions, contingent assets and liabilities (continued)

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the subsidiaries within the scope of consolidation.

The main actuarial assumptions used as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Expected interest in the coming years %	22	21.4
Expected inflation in the coming years %	20	17
Expected probability of leaving without compensation in the coming years %	2.50	3.76

#### 12 Liabilities for employee benefits

As of 31 December 2022 and 31 December 2021, short-term payables related to employee benefits are as follows:

	31 December 2022	31 December 2021
Social security withholdings payable	3,126,943	1,362,799
Payables to personnel	205,306	108,830
	<b>3,332,249</b>	<b>1,471,629</b>

#### 13 Other current, non-current assets and other liabilities

##### 13.1 Other Current Assets

As of 31 December 2022 and 31 December 2021, other current assets are as follows:

	31 December 2022	31 December 2021
Advances to personnel	45,621	27,130
Short-term deferred value added tax ("VAT")	5,441	1,287
	<b>51,062</b>	<b>28,417</b>

##### 13.2 Other Non-Current Assets

As of 31 December 2022 and 31 December 2021, other non-current assets are as follows:

	31 December 2022	31 December 2021
Long-term deferred VAT	11,032,099	10,925,788
	<b>11,032,099</b>	<b>10,925,788</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 13 Other current, non-current assets and other liabilities (continued)

##### 13.3 Other Short Term Liabilities

As of 31 December 2022 and 31 December 2021, other liabilities are as follows:

	31 December 2022	31 December 2021
Taxes and funds payable	72,974,936	6,439,726
Overdue deferred or installed taxes and other payables	-	10,824,343
Other	20,183	60,036
	<b>72,995,119</b>	<b>17,324,105</b>

#### 14 Share Capital

##### Paid-in capital

The Company adopter the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of kurus1, Registered and issued share capital of the Company is a follows:

	31 December 2022	31 December 2021
Limit on registered share capital	2,000,000,000	2,000,000,000
Issued share capital in nominal value	705,000,000	705,000,000

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of bonus shares to existing shareholders.

As of 31 December 2022, the Group's paid-in capital is divided into 705,000,000 shares (31 December 2021: 705,000,000 shares), each with a nominal value of TL 1. The ultimate shareholder of the Group is Aydem Holding Anonim Şirketi, whose controlling individual shareholder is Ceyhan Saldanlı. Shareholding structure is given in Note 1.

##### Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2022, legal reserves of the Group amounted to TL 1,523,866 (31 December 2021: TL 1,523,866).

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 14 Share Capital

##### Dividend distribution

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the Turkish commercial code, legal reserves can only be distributed as dividends after they reached 50% of the company's paid in capital or issued share capital. Accordingly the Group determined its dividend distribution policy in line with the communique. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the year period presented in financial statements.

##### Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

As of December 31, 2022, the Company has gained TL 94,753,311 from the block sale of 5,733,502 shares purchased within the scope of the share buyback program with a price of TL 24.76 per share on December 23, 2022 at Borsa Istanbul.

5,000,000 shares of the Company with a nominal value of 1 TL were offered to the public on 29 April 2021 and were sold at TL 9.9 per share. The amount of TL 5,000,000 was used in the capital increase and the remaining TL 40,098,520 was recorded in the "Share Premium/(Discounts)" account. Expenses amounting to TL 4,401,480 incurred within the scope of initial public offering was deducted from "Share Premium/(Discount)" within the scope of TAS 32.

On April 16, 2019, in accordance with EMRA permission dated April 16, 2019, a total of 1,200 Düzce Aksu shares of Aydem Elektrik Perakende A.Ş. with a total value of TL 120,000,000 were taken over and the amount of TL 49,474,498 resulting from the transaction was recorded in the "Share Premium/(Discount)" account.

On December 31, 2020, the Company signed a share sale agreement to sell its 50% shares in Yalova RES Elektrik Üretim A.Ş. to Aydem Holding A.Ş. for TL 38,316,320. The Company has recognized the difference amounting to TL 1,845,320 between the value of the subsidiary disposed of and the fair value determined by independent valuation experts in equity.

#### 15 Revenue

Details of revenue for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Revenues from electricity sales	3,807,844,798	1,240,753,398
- Revenues from feed in tariff (FIT)	3,041,869,726	1,073,400,336
- Other than FIT	765,975,072	167,353,062
	<b>3,807,844,798</b>	<b>1,240,753,398</b>

Management monitor revenues into two categories due to its risk group: FIT and Other than FIT.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 16 Cost of sales

Details of the cost of sales for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Cost of energy sales and generation	(1,405,210,503)	(725,768,454)
- Cost of energy sales and generation	(642,398,698)	(281,649,875)
- Depreciation and amortization expenses	(762,811,805)	(444,118,579)
	<b>(1,405,210,503)</b>	<b>(725,768,454)</b>

Cost of energy generation mainly includes costs of energy sales and generation, system usage and transmission costs, maintenance and repair expenses and personnel expenses.

#### 17 General and administrative expenses

The details of general administrative expenses for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(72,164,519)	(38,187,541)
Administrative expenses	(41,319,458)	(26,192,669)
Tax, duties and fees expenses	(12,051,300)	(3,796,424)
Consultancy expenses	(9,530,449)	(4,753,773)
Depreciation and amortization expenses	(8,568,407)	(10,577,960)
Maintenance and repair expenses	(3,401,449)	(2,065,298)
Promotion and trade expenses	(1,095,209)	(7,248,728)
Insurance charges	(979,180)	(1,189,072)
License and dues expenses	(909,922)	(297,777)
Legal counselling expenses	(635,685)	(1,022,413)
Rent expenses	(541,053)	(33,600)
Other	(12,318,755)	(4,642,662)
	<b>(163,515,386)</b>	<b>(100,007,917)</b>

#### 18 Expenses by nature

The details of expenses incurred for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Depreciation and amortization expenses	(771,380,212)	(454,696,539)
Costs of energy sales and generation	(496,511,634)	(196,791,109)
Personnel expenses	(167,396,789)	(95,242,652)
Consulting expenses	(13,563,981)	(7,758,169)
Other	(119,873,273)	(71,287,902)
	<b>(1,568,725,889)</b>	<b>(825,776,371)</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 19 Other operating income and other operating expenses

Details of other operating income for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange income arising from operating activities	367,050,158	-
Interest income from commercial transactions	80,436,916	114,033
Compensation from insurances	6,584,744	6,382,219
Litigation provision reversal	1,676,571	-
Provisions for no longer required trade receivables	153,588	45,738
Other	15,242,923	3,681,168
	<b>471,144,900</b>	<b>10,223,158</b>

Details of other operating expenses for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Expenses related to other provisions	(4,177,032)	-
Rediscount expenses	(3,118,234)	-
Expenses related to allowance for trade receivables	(900,595)	(1,680,210)
Donations	(876,290)	(4,483,663)
Litigation provisions expenses	-	(1,072,694)
Other	(927,945)	(542,737)
	<b>(10,000,096)</b>	<b>(7,779,304)</b>

#### 20 Financial income and expense

The details of finance income for the year ended 31 December 2022 and 2021 is as follows :

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange income arising from financing activities	369,705,813	668,798,280
Income arising from Eurobond buy-back	208,010,486	-
Interest income	32,072,919	5,529,908
Interest income from related parties	1,327,828	226,946
Rediscount income	-	26,667,609
Other	276,679	259,818
	<b>611,393,725</b>	<b>674,814,952</b>

The details of financial expenses for the year ended 31 December 2022 and 2021 is as follows :

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange losses arising from financing activities	(975,122,916)	(587,403,240)
Bond interest expenses	(754,621,320)	(241,773,295)
Foreign exchange losses transferred from equity (Cash flow hedge)	(148,441,658)	(53,341,983)
Bank commission and other expenses	(7,269,310)	(15,047,342)
Right of use obligations interest expenses (Note 23)	(6,252,220)	(5,561,587)
Bail commission	(1,139,114)	-
Loan interest expenses	-	(240,982,358)
	<b>(1,892,846,538)</b>	<b>(1,144,109,805)</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 21 Gains & Losses from Investing Activities

The details of gains and losses from investing activities for the year ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Gains on sales of tangible fixed assets	3,896,157	2,925,496
Gains from investing rent	1,239,214	-
Gains on scrap sales	213,523	1,867,611
Currency protected deposit income	172,623	-
	<b>5,521,517</b>	<b>4,793,107</b>

#### 22 Taxation on income

##### Corporation Tax

The Group is subject to corporation tax applicable in Turkey. The corporate tax rate is generally 25%. Corporate tax rate to be accrued on the taxable corporate income is determined by adding the expenses that cannot be deducted from the tax base in the determination of the commercial income and deducting gains from the tax, non-taxable income and other discounts (previous year losses, if any, and investment discounts used, if preferred).

In Turkey, provisional tax is calculated and accrued on a quarterly basis. The provisional tax rate that should be calculated on corporate earnings during the taxation phase of 2022 corporate earnings as of temporary tax periods is 25% (31 December 2021: 25%). However, in accordance with the Provisional Article 10 added to the Corporate Tax Law, the 25% corporate tax rate will be applied as 23% for the 2022 taxation period and 20% for the corporate earnings of the 2023 and later taxation periods. Losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years. However, the losses cannot be deducted retrospectively from previous years' profits.

There is no clear and definitive agreement on tax assessment procedures in Turkey. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. These declarations and the accounting records that are the basis of these declarations can be examined and changed by the Tax Office within 5 years.

##### Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes.

##### Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding is 15% as of 31 December 2021. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 22 Taxation on income(continued)

##### Transfer pricing arrangements

In Turkey, the transfer pricing provisions of the Corporate Tax Law "disguised profit distribution via transfer pricing" is stated in Article 13 entitled. The communiqué of 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the application.

If the taxpayer purchases or sells goods or services at a price or price that they determine in contradiction with the principle of conformity with peers, the gain is deemed to be completely or partially distributed implicitly through transfer pricing. Disguised profit distribution through such transfer pricing is considered an unacceptable expense for corporate tax.

##### Transfer pricing regulations

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007. Veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

##### Tax expense

The income tax for the years ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Deferred tax expense	(406,261,816)	(88,377,216)
Current corporate tax expense	-	(17,581,616)
	<b>(406,261,816)</b>	<b>(105,958,832)</b>



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 22 Taxation on income(continued)

##### Reconciliation of effective tax rate

As of 31 December 2022 and 31 December 2021, the reported tax provision is different from the amount calculated using the statutory tax rate on profit before tax. The reconciliation of tax expense / income is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Period profit / loss	1,018,070,601	(120,291,640)
Tax expenses	(406,261,816)	(105,958,832)
<b>Loss before taxation</b>	<b>1,424,332,417</b>	<b>(14,332,808)</b>
<b>Tax calculated with the company's legal tax rate</b>	<b>(327,596,456)</b>	<b>3,583,202</b>
Non-deductible expenses	(98,234,387)	(105,444,194)
Tax effect related to investment accounted under equity method	-	-
Tax base increase effect	2,344,215	(3,516,323)
Effect of use of different tax rate *	42,729,973	(6,014,582)
Effect of sales of treasury shares	(18,950,662)	-
Other	(6,554,499)	5,433,065
<b>Tax expense</b>	<b>(406,261,816)</b>	<b>(105,958,832)</b>

\* The effect arises from the use of 20% rate in deferred tax calculation for long-term temporary differences.

##### Deferred tax assets and liabilities

The movement of deferred tax liability is as follows:

	2022	2021
At the beginning of the period	2,485,110,016	1,400,332,535
Recognized in other comprehensive income	1,540,542,777	996,400,267
Recognised in profit or loss	406,261,816	88,377,216
<b>End of period closing balance</b>	<b>4,431,914,609</b>	<b>2,485,110,018</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 22 Taxation on income(continued)

##### Deferred tax assets and liabilities

As of 31 December 2022 and 31 December 2021, the breakdown of deferred tax liabilities is as follows:

	31 December 2022	31 December 2021
Provisions for retirement pay liability	7,132,405	1,706,529
Provision for litigation	2,492,091	2,827,405
Rediscount on payables	(5,227,173)	(5,850,820)
Amortized cost adjustment for financial borrowings	(42,954,215)	25,322,874
Property, plant and equipment and intangible assets	104,562,764	11,356,991
Increase in value of tangible assets	(5,635,330,226)	(3,533,417,713)
Effect of capitalized borrowing costs in profit or loss statement	595,558,355	505,142,043
Deferred tax asset from carry forward tax losses	529,756,057	498,453,642
Effect of capital increase	1,197,375	689,625
Provision for premium	3,016,186	583,947
Other	7,881,772	8,075,461
	<b>(4,431,914,609)</b>	<b>(2,485,110,016)</b>

The breakdown of the parts of the Group and its subsidiaries for which deferred tax assets are created from carried forward tax losses is as follows:

	31 December 2022	31 December 2021
Expire in 2024	26,293,295	26,293,295
Expire in 2025	59,159,030	59,159,030
Expire in 2026	2,406,815,885	2,406,815,885
Expire in 2027	156,512,065	-
	<b>2,648,780,275</b>	<b>2,492,268,210</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 23 Financial liabilities

##### 23.1 Issued bond liabilities

As of 31 December 2022 and 31 December 2021, terms and conditions of financial liabilities are as follows:

31 December 2022				
Currency	Effective Interest rate	Maturity for the latest payment	Short-term	Long-term
USD	8.75%	2027	1,005,910,538	12,181,302,520
			<b>1,005,910,538</b>	<b>12,181,302,520</b>
31 December 2021				
Currency	Effective Interest rate	Maturity for the latest payment	Short-term	Long-term
USD	8.75%	2027	763,819,958	9,292,574,451
			<b>763,819,958</b>	<b>9,292,574,451</b>

\* The Group on the Irish Stock Exchange issued USD 750,000,000 with a maturity of 5.5 years, coupon payments every 6 months, principal and coupon payments at maturity, annual fixed interest rate of 7.75%, on 2 August 2021. With the amount obtained through the bond issuance, the entire loan debt of the Company to the banks has been repaid, and the remaining amount is going to be used for the investments in line with the Company's growth strategy.

Between 11 May 2022 and 23 December 2022, USD 49,789,000 of the said bond was buyback transactions and the related amount was accounted for by deducting the amortized cost using the effective interest rate and the total bond amount.

The repayments of the bond and debt instruments agreements according to their original maturities as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
To be paid within 3 months	520,615,252	392,990,197
To be paid within a 3-12 months	485,295,286	370,829,761
To be paid in 1-2 year	920,593,710	702,353,541
To be paid in 2-3 year	2,950,830,050	647,493,336
To be paid in 3-4 year	2,549,518,310	2,078,232,941
To be paid in 4-5 year	5,760,360,450	1,797,992,769
To be paid over 5 year	-	4,066,501,864
	<b>13,187,213,058</b>	<b>10,056,394,409</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 23 Financial liabilities (continued)

##### 23.1 Issued bond liabilities (continued)

The movement of financial liabilities for the period ended 31 December 2022 and 2021 is as follows:

	2022	2021
<b>1 January</b>	<b>10,056,394,409</b>	<b>4,928,941,332</b>
Cash inflow	-	6,245,487,625
Repayment of financial liabilities	(856,694,561)	(5,707,089,212)
Interest accrual	1,123,834,689	485,893,571
Interest paid	(897,070,318)	(240,982,358)
Exchange rate differences accounted in profit or loss	975,122,915	593,908,331
Exchange rate differences subjected to cash flow hedge, accounted in OCI	2,785,625,924	3,750,235,120
<b>31 December</b>	<b>13,187,213,058</b>	<b>10,056,394,409</b>

##### 23.2 Lease liabilities

The repayments of the lease liabilities according to their original maturities as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
To be paid within a year	5,439,020	4,734,769
To be paid in 1-2 years	5,439,020	4,734,769
To be paid over 2 years	19,699,076	20,408,725
	<b>30,577,116</b>	<b>29,878,263</b>

For the year then ended as of 31 December 2022 and 2021, movements of lease of uses is as follows:

	2022	2021
<b>Lease Liabilities – Opening</b>	<b>29,878,263</b>	<b>16,382,756</b>
Additions	102,074,729	14,006,882
Accretion of interest	6,252,220	5,561,587
Payments	(107,628,096)	(6,072,962)
<b>Lease Liabilities - Closing</b>	<b>30,577,116</b>	<b>29,878,263</b>



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 24 Nature and level of risks arising from financial instruments

##### Financial instruments and financial risk management

The Group may be exposed to the following risks depending on the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note provides information on the Group's exposure to the risks outlined above, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

##### Credit risk

Credit risk is the risk that a customer or a counterparty will fail to fulfill its obligations under the contract and is mainly attributable to customer receivables.

The carrying values of financial assets represent the maximum exposure to credit risk.

The maximum credit risk the Group is exposed to as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Receivables				Cash and cash equivalents
	Trade receivables		Other receivables		
	Related parties	Other parties	Related parties	Other parties	
<b>Maximum exposure to credit risk as of reporting date (A+B+C+D+E)</b>	1,232,399,579	71,698,183	35,007,156	32,019,411	1,293,793,214
- Secured part of the maximum credit risk exposures via collateral etc.	1,232,399,579	-	-	-	-
<b>A. Net book value of financial assets those are neither overdue nor impaired</b>	1,232,399,579	71,698,183	35,007,156	32,019,411	1,293,793,214
<b>B. Net book value of assets that are overdue but not impaired</b>	-	-	-	-	-
<b>C. Net book value of impaired financial assets</b>	-	-	-	-	-
- Overdue (gross carrying amount)	-	7,157,761	-	-	-
- Impairment amount (-)	-	(7,157,761)	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
<b>D. Off-balance sheet items including risk</b>	-	-	-	-	-

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 24 Nature and level of risks arising from financial instruments(continued)

##### Credit risk(continued)

31 December 2021	Receivables				Cash and Cash Equivalents
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
<b>Maximum exposure to credit risk as of reporting date (A+B+C+D+E)</b>	127,311,860	20,523,941	15,530,259	10,156,540	1,525,592,118
- Secured part of the maximum credit risk exposures via collateral etc.	127,311,860	-	-	-	-
<b>A. Net book value of financial assets those are neither overdue nor impaired</b>	127,311,860	20,523,941	15,530,259	10,156,540	1,525,592,118
<b>B. Net book value of assets that are overdue but not impaired</b>	-	-	-	-	-
<b>C. Net book value of impaired financial assets</b>	-	-	-	-	-
- Overdue (gross carrying amount)	-	6,410,754	-	-	-
- Impairment amount (-)	-	(6,410,754)	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Secured portion covered with guarantees, etc	-	-	-	-	-
<b>D. Off-balance sheet items including risk</b>	-	-	-	-	-

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 24 Nature and level of risks arising from financial instruments (continued)

##### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities in the future. The Group's liquidity risk is managed by providing sufficient financing facilities from various financial institutions in a way that does not harm or damage the Group's reputation in order to fund the current and future debt requirements under normal conditions or in crisis situations.

As at 31 December 2022 and 31 December 2021, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

31 December 2022	Book value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities	13,187,213,058	17,221,233,439	524,642,623	510,162,847	16,186,427,969	-
Financial lease liabilities (IFRS 16)	30,577,116	131,957,842	2,163,394	9,782,596	21,874,312	98,137,540
Other long term payables to related parties	40,210,706	174,329,348	-	-	-	174,329,348
Trade payables to related parties	7,724,157	7,724,157	7,724,157	-	-	-
Trade payables to third parties	467,450,099	467,450,106	460,753,097	6,697,009	-	-
<b>Total</b>	<b>13,733,175,136</b>	<b>18,002,694,892</b>	<b>995,283,271</b>	<b>526,642,452</b>	<b>16,208,302,281</b>	<b>272,466,888</b>

31 December 2021	Book Value	Contractual cash outflow	0-3 months	3-12 months	1-5 years	> 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities	10,056,394,409	13,929,887,981	395,982,371	389,526,136	6,910,031,296	6,234,348,178
Financial lease liabilities (IFRS 16)	29,878,263	134,503,698	5,647,315	2,498,521	6,144,457	120,213,405
Other long term payables to related parties	37,092,472	174,329,348	-	-	-	174,329,348
Trade payables to related parties	4,124,009	4,124,009	4,124,009	-	-	-
Trade payables to third parties	64,023,907	64,023,907	52,499,604	11,524,303	-	-
<b>Total</b>	<b>10,191,513,060</b>	<b>14,306,868,943</b>	<b>458,253,299</b>	<b>403,548,960</b>	<b>6,916,175,753</b>	<b>6,528,890,931</b>

##### Market risk

Market risk; The risk of changes in the money market, such as exchange rates, interest rates or the prices of instruments traded in the securities markets, may change the Group's income or the value of its financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 24 Nature and level of risks arising from financial instruments (continued)

##### Currency risk

While the Group's functional currency is Turkish Lira, the Group is exposed to foreign exchange risks. The Group has outstanding US Dollar debt instruments due to power plant investments. The Group also realizes significant USD indexed sales within the scope of the Feed-in Tariff.

As of 31 December 2022 and 31 December 2021, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

	31 December 2022		
	TL Equivalent	US Dollars	Original Amounts EUR
<b>Assets</b>			
Cash and cash equivalents	829,339,997	43,337,246	953,462
Trade receivables from third parties	474	20	5
Other receivables from related parties	35,007,144	1,872,210	-
Trade receivables from related parties	1,227,369,555	65,621,301	18,198
<b>Total Asset</b>	<b>2,091,717,170</b>	<b>110,830,777</b>	<b>971,665</b>
<b>Liabilities</b>			
Short-term and long-term financial liabilities	(13,187,213,058)	(705,262,674)	-
Short-term trade payables to third parties	(86,669,170)	(3,953,674)	(639,189)
<b>Total liabilities</b>	<b>(13,273,882,228)</b>	<b>(709,216,348)</b>	<b>(639,189)</b>
<b>Foreign currency liability position</b>	<b>(11,182,165,058)</b>	<b>(598,385,572)</b>	<b>332,476</b>
<b>Amounts subject to cash flow hedge accounting *</b>	<b>11,222,925,341</b>	<b>600,211,000</b>	<b>-</b>
<b>Net foreign currency position after cash flow hedge</b>	<b>40,760,283</b>	<b>1,825,428</b>	<b>332,476</b>

	31 December 2021		
	TL Equivalent	US Dollars	Original Amounts EUR
<b>Assets</b>			
Cash and cash equivalents	1,521,432,522	114,092,615	45,872
Trade receivables from third parties	333	19	5
Other receivables from related parties	15,530,258	1,165,148	-
Trade receivables from related parties	122,805,314	9,196,299	15,102
<b>Total assets</b>	<b>1,659,768,427</b>	<b>124,454,081</b>	<b>60,979</b>
<b>Liabilities</b>			
Short-term and long-term financial liabilities	(10,056,394,409)	(754,474,785)	-
Short-term trade payables to third parties	(19,289,712)	(866,421)	(513,113)
Short-term other payables to third parties	(256,890)	(19,273)	-
Short-term trade payables to related parties	(20,076)	-	(1,331)
<b>Total liabilities</b>	<b>(10,075,961,087)</b>	<b>(755,360,479)</b>	<b>(514,444)</b>
<b>Foreign currency liability position</b>	<b>(8,416,192,660)</b>	<b>(630,906,398)</b>	<b>(453,465)</b>
<b>Amounts subject to cash flow hedge accounting *</b>	<b>8,663,850,000</b>	<b>650,000,000</b>	<b>-</b>
<b>Net foreign currency position after cash flow hedge</b>	<b>247,657,340</b>	<b>19,093,602</b>	<b>(453,465)</b>

\* Please refer to Note 2.7.



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 24 Nature and level of risks arising from financial instruments (continued)

##### Currency risk (continued)

###### Sensitivity analysis

The Group is mainly exposed to foreign currency risk in USD Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars and Euro, 10% is the rate used to report the exchange rate risk within the Group to the executives and this rate indicates the possible change in the exchange rates expected by the management. The sensitivity analysis covers only foreign currency denominated monetary items at the end of the year and shows the effects of the 10% increase in foreign exchange rates of these items at the end of the year excluding tax effects. A positive value indicates an increase in profit or loss and other equity items.

Exchange rate sensitivity analysis table		
31 December 2022		
	Increase in Value of foreign currency	Decrease in value of foreign currency
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(1,118,879,293)	1,118,879,293
2- TL hedged portion (-)	1,122,292,534	(1,122,292,534)
<b>3- TL net effect (1 + 2)</b>	<b>3,413,241</b>	<b>(3,413,241)</b>
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	662,788	(662,788)
5- TL hedged portion (-)	-	-
<b>6- Net effect of TL (4 + 5)</b>	<b>662,788</b>	<b>(662,788)</b>
<b>Total (3 + 6)</b>	<b>4,076,029</b>	<b>(4,076,029)</b>

Exchange rate sensitivity analysis table		
31 December 2021		
	Increase in Value of foreign currency	Decrease in value of foreign currency
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(840,935,137)	840,935,137
2- TL hedged portion (-)	866,385,000	(866,385,000)
<b>3- TL net effect (1 + 2)</b>	<b>25,449,863</b>	<b>(25,449,863)</b>
If the TL gains / loses 10% against the Euro		
4- TL net assets / liabilities	(684,129)	684,129
5- TL hedged portion (-)	-	-
<b>6- Net effect of TL (4 + 5)</b>	<b>(684,129)</b>	<b>684,129</b>
<b>Total (3 + 6)</b>	<b>24,765,734</b>	<b>(24,765,734)</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 24 Nature and level of risks arising from financial instruments (continued)

##### Capital risk managements

In managing capital, the Group's objectives are to maintain the Group's ability to continue to operate in order to maintain an optimal capital structure to provide returns to shareholders, benefits to other shareholders, and to reduce capital costs.

In order to maintain or adjust the capital structure, the Group determines the amount of dividend payable to shareholders.

The Group monitors capital on the basis of the net financial debt / equity ratio. Net financial debt is calculated by deducting cash and cash equivalents from total financial debt.

As of 31 December 2022 and 31 December 2021 net financial liabilities / equity ratios are as follows:

	31 December 2022	31 December 2021
Total financial liabilities	13,187,213,058	10,056,394,409
Cash and cash equivalents	(1,649,137,878)	(1,525,592,118)
Net financial liabilities	11,538,075,180	8,530,802,291
Equity	17,078,251,923	9,803,259,940
Net financial liabilities / equity ratio	<b>67.56%</b>	<b>87.02%</b>

##### Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

###### Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

###### Financial liabilities

The carrying values of trade payables are estimated to be their fair values since they are short term and leasing liabilities are estimated to be their fair values assuming that there is no significant change in the market prices of similar leases with the same maturity.

As of December 31, 2022, carrying amount of the liabilities regarding bond issued is TL 13,187,213,058 (December 31, 2021: TL 10,056,394,409) where its fair value is TL 10,795,500,489 (December 31, 2021: TL 8,190,937,080).

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 25 Earnings per share

The calculation of basic and diluted Earnings per share for the year ended 31 December 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares as follows:

	31 December 2022	31 December 2021
Numerator:		
Income / (loss) for the period attributable to owners of the company	1,018,070,601	(120,291,640)
Denominator:		
Weighted average number of shares	700,743,104	703,383,978
<b>Basic and diluted profit / (loss) per share (full TL)</b>	<b>1.45</b>	<b>(0.17)</b>

2022	Number of shares	Time weighting (days)
Outstanding ordinary shares as of 1 January 2022 (Par Value: TL 1)	705,000,000	47
Outstanding ordinary shares as of 17 February 2022	704,800,000	4
Outstanding ordinary shares as of 21 February 2022	704,100,000	1
Outstanding ordinary shares as of 22 February 2022	704,050,000	1
Outstanding ordinary shares as of 23 February 2022	703,740,000	6
Outstanding ordinary shares as of 1 March 2022	703,240,000	8
Outstanding ordinary shares as of 9 March 2022	702,740,000	2
Outstanding ordinary shares as of 11 March 2022	702,576,498	5
Outstanding ordinary shares as of 16 March 2022	702,376,498	7
Outstanding ordinary shares as of 23 March 2022	701,876,498	15
Outstanding ordinary shares as of 7 April 2022	701,696,498	4
Outstanding ordinary shares as of 11 April 2022	701,396,498	2
Outstanding ordinary shares as of 13 April 2022	700,896,498	5
Outstanding ordinary shares as of 18 April 2022	700,596,498	7
Outstanding ordinary shares as of 25 April 2022	700,396,498	23
Outstanding ordinary shares as of 18 May 2022	700,196,498	7
Outstanding ordinary shares as of 25 May 2022	699,896,498	15
Outstanding ordinary shares as of 9 June 2022	699,596,498	7
Outstanding ordinary shares as of 16 June 2022	699,566,498	19
Outstanding ordinary shares as of 05 July 2022	699,266,498	171
Outstanding ordinary shares as of 23 December 2022	705,000,000	9
<b>Weighted average for the period</b>	<b>700,743,104</b>	<b>365/365</b>

2021	Number of shares	Time weighting (days)
Outstanding ordinary shares as of 1 January 2021 (Par Value: TL 1)	700,000,000	117
29 April 2021: Capital increase	5,000,000	
29 April to 31 December 2021 (Par Value: TL 1)	705,000,000	245
<b>Weighted average for the period</b>	<b>703,383,978</b>	<b>365/365</b>

## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 26 Prepaid Expenses

As of 31 December 2022 and 31 December 2021, short term prepaid expenses as follows:

	31 December 2022	31 December 2021
Advances given for purchase orders	15,636,037	9,945,845
Prepaid expense for the following months	3,941,919	22,768,765
Job advances	520,882	100,453
	<b>20,098,838</b>	<b>32,815,063</b>

As of 31 December 2022 and 31 December 2021, long term prepaid expenses as follows:

	31 December 2022	31 December 2021
Advances given	390,314,940	161,897,442
	<b>390,314,940</b>	<b>161,897,442</b>

#### 27 Financial Investments

As of 31 December 2022 and 31 December 2021, financial investments are as follows:

	31 December 2022	31 December 2021
Restricted accounts	345,804,691	2,704,681
- Interest reserve account related to Eurobond *	345,804,691	-
- Restricted account related to guarantees	-	2,704,681
Currency protected deposits	9,539,973	-
	<b>355,344,664</b>	<b>2,704,681</b>

\* The Company shall, so long as any Note remains outstanding, fund the interest reserve account on a monthly basis and maintain the required balance given the amount of upcoming interest payment. The amount standing in the account will gradually increase and finally be equal to debt service amount on the date of debt service.

#### 28 Independent audit fees and other fees related services received from independent audit firm

The fees related to the services received by the Group from the independent auditor/independent audit firm are presented below:

	31 December 2022	31 December 2021
Independent audit fees related to reporting period	1,297,170	1,794,161
Fees related to other assurance services	26,000	14,000
	<b>1,323,170</b>	<b>1,808,161</b>



## AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### Notes to the consolidated financial statements for the year period ended 31 December 2022

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

#### 29 Events after the reporting period

- On 11 January 2023, 185,026 shares were bought-back from the TL 22.44 – TL 23.84 price range (average TL 23.414689).
- On 24 January 2023, 200,000 shares were bought-back from the TL 19.98 – TL 20.26 price range (average TL 20.159844).
- Within the scope of our Board of Directors' buy-back decision on 11 May 2022, the Company purchased Eurobonds (XS2368781477) with a nominal value of USD 1,679,000.00 on 24 January 2023. The total amount of the transaction is USD 1,490,699.
- As of 2 February 2023, in order to be transferred into the related investors' accounts, USD 27,068,115.00 has been paid as the payment of third coupons with regard to our Company's USD 750 million 5.5 year maturity bonds.
- On 17 February 2023, 200,000 shares were bought-back from the TL 17.15 – TL 18.51 price range (average TL 17.782942).
- On 22 February 2023, 200,000 shares were bought-back from the TL 16.32 – TL 16.69 price range (average TL 16.395007).
- As of 23 February 2023, the Ministry Acceptance of our Uşak WPP Auxiliary Source SPP power plant with a power of 82.15 MW was carried out, and with this acceptance, our total installed capacity increased by 8% from 1,019 MW to 1,102 MW. Our Uşak WPP Hybrid power plant, which has been put into commercial operation, will make a contribution of 164,000 MWh to our annual production.
- An earthquake occurred in the southeastern part of Turkey that affected many of our cities. Considering the region in which the Group operates, no direct impact is expected on Group operations.

## CONTACT

### AYDEM YENİLENEBİLİR ENERJİ A.Ş.

Adalet Mahallesi Hasan Gönüllü Bulvarı No: 15/1  
Merkezefendi/Denizli-TURKIYE  
Phone: +90 258 242 27 76  
Fax: +90 258 242 27 78  
<https://www.aydemyenilenebilir.com.tr/en>

All contact information of our Company can be found in the General Information-Contact tab on our Public Disclosure Platform (PDP) page (<https://www.kap.org.tr/en/>)

### Mehmet Yusuf Güngör

#### Investor Relations Manager

yusuf.gungor@aydemenerji.com.tr

#### Investor Relations Contact:

+90 258 242 27 76

E-mail: [yatirimciiliskileri@aydemenerji.com.tr](mailto:yatirimciiliskileri@aydemenerji.com.tr)

E-mail: [investorrelations@aydemenerji.com.tr](mailto:investorrelations@aydemenerji.com.tr)

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